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# FINANCIAL TIMES

No. 27,631

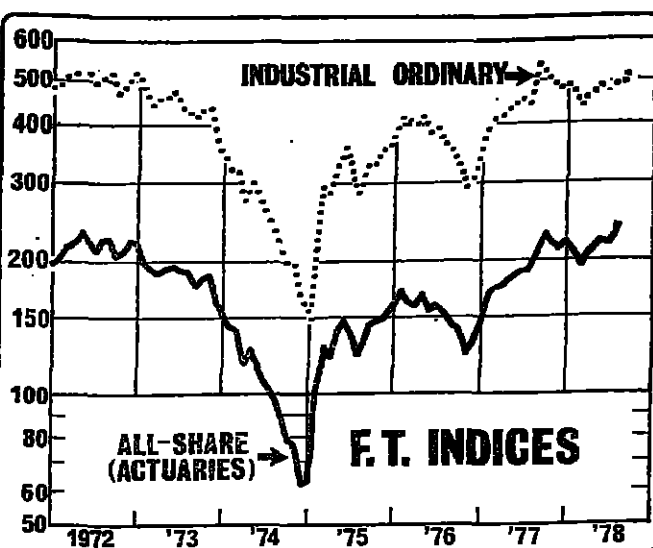
Tuesday August 8 1978

\*\*\*15p

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CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.9; GERMANY DM 2.8; ITALY L 500; NETHERLANDS Fl 2.9; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Ptas 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.9; BIRE 15p

## NEWS SUMMARY



## Index through 500 mark

**STRONG** performance by equities took the FT 30-share index above the 500 level for the first time this year and raised the FT-Actuaries All-share index to its second all-time high in three business days.

Helped by surveys suggesting that the economy is now set clearly, if slowly, on the recovery path, the ordinary share index advanced sharply by 8.2 to 505.4, its best since October 31 last year.

The All-share index, the broadest measure of UK share price movements, which last Thursday reached its highest since May 1 1972, closed 3.01 (1.3 per cent) up at 330.80.

Hopes of satisfactory bank-lux figures today confirming that the money supply has

been brought under control, and expectations that a gradual fall in interest rates may begin before long, were other factors encouraging the purchase of shares.

New peaks were also reached yesterday by the FT-Actuaries industrial group index, which, at 227.84, was 2.96 up on its previous high of 224.88 on Thursday, and the 500-share index, which, at 250.06, climbed 1.74 above its earlier peak of 248.32, set on September 14, 1977.

Buoyancy in other stock markets around the world has been another important influence encouraging the upward movement in London.

● **GILTS** moved ahead, with interest centred on short-term Government Securities. The index closed 0.06 up at 70.02.

### GENERAL

## Pope lies in state

Thousands of mourners led by the President of Italy filed past the body of Pope Paul VI as it lay in state at Castel Gandolfo. The 80-year-old pontiff died of a heart attack on Sunday night.

Cardinal Jean Villot, the Vatican Secretary of State, has taken interim control and will meet cardinals already in Rome today to decide when the funeral will take place. The 115 voting members of the Sacred College of Cardinals will meet within the next 20 days to elect the next Pope.

Meanwhile, political leaders from all over the world have sent messages praising the Pontiff's efforts to promote world peace. Pages 3 and 12

### Racial code

Rhodesia's transitional Government is to make a major statement today on abolition of racial discrimination. The Land Tenure Act preventing blacks from owning property in white residential areas is expected to be repealed. It is not clear if discrimination in education and health services will also be abolished. Page 4

### Premier resigns

Dr. Hans Filbinger, Prime Minister of the West German state of Baden-Wuerttemberg, has resigned, following claims that he administered "Nazi justice" as a judge during the second world war. Page 3

### Peace ports

The Seychelles Government is to close the islands' ports to military vessels from any country wishing to boost its strength in the Indian Ocean.

### Briefly...

Frax's new ambassador to Britain arrived at Heathrow amid tight security precautions.

Loch Ness monster was "sighted" by an Inverness couple and their niece.

### BUSINESS

## Gold \$2½ higher; Pound up against \$

● **GOLD** rose \$2½ to \$203½ in London. Movements in the bullion price tended to reflect the performance of the dollar.

● **STERLING** was stronger against the dollar, but weaker against other main currencies. It closed 65 points up at \$1.9300 and its trade-weighted index fell to 62.2 (62.4). The dollar's depreciation widened to 9.3 per cent (9.0).

● **WALL STREET** was 1.13 down at 887.30 just before the close.

● **FORD MOTORS** has sold more cars in the UK in July than in any other month for the past 10 years. It took a 35 per cent share of the British market, while Leyland achieved 21.4 per cent. Figures issued by the motor trade show sales up 5 per cent on July 1977. Back Page; Table Page 6

● **SOVIET** oil industry development would not be hampered by the U.S. decision to make all oil equipment sales to the USSR subject to special export licence, the Russian deputy oil minister has said. Back and Page 2

● **REED INTERNATIONAL** has agreed terms with Barlow Rand for the sale of Reed's 63 per cent stake in the South African packaging group Nampak. Back Page

● **COMMERCIAL UNION** pre-tax profits rose from £38.2m to £64.2m in the first half of 1978, following a £18.6m reduction in underwriting losses and a rise of £7.7m in investment income. Page 14 and Lex

● **HOFFMANN-LA ROCHE**, the Swiss pharmaceutical company, is considering a site in south-west Scotland on which to build a £50m-plus Vitamin C manufacturing plant. Back Page

● **BREAD** prices are expected to rise by about 1p a loaf this week following cuts in trade discounts by large bakers. Page 6

## Davignon toughens steel crisis plan as price cuts continue

BY JOHN LLOYD

Extensive price-cutting by West German and other European steelmakers is forcing Viscount Etienne Davignon, the EEC's Industry Commissioner, to tighten the operation of his crisis plan for the steel industry and extend its scope.

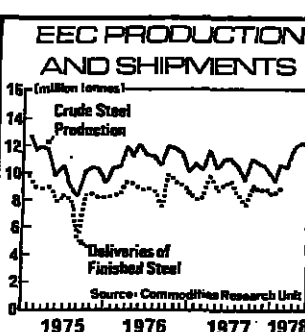
The widespread disregard of most large European steel producers for the guidance price system has meant that the British Steel Corporation is almost alone among major steelmakers in obeying the Davignon price directives.

The British Iron and Steel Consumers' Council said last night that the corporation's position meant that British steel users often paid more for their steel than their European competitors. "We have been in general agreement with the Davignon plan, but it must be applied to everyone equally."

EEC industry officials said that they were likely to lower the ceiling for steel deliveries within the community from about 29m tonnes in the current third quarter of the year to about 27m tonnes in the fourth quarter. This move is aimed at cutting back further on production in an attempt to keep prices stable. The third quarter level is itself lower than the first and second quarter levels of about 31m tonnes.

According to an independent review of the European steel market, extensive undercutting, especially by West German steel mills, is breaching the price discipline which the Davignon plan attempted to impose earlier this year.

The Commodities Research



Unit's latest review. Steel Monitor, says that steel demand is weak in all products, even those in which demand had been holding up comparatively well. "Demand for cold-rolled sheet seems to have tailed off, even in the UK where the automotive trade is enjoying exceptional conditions. The market for plate is depressed (as witnessed by BSC's holding the net price of plate while other list prices were increased) because of low activity in shipbuilding and heavy engineering.

"Because activity in the general engineering sector remains low, demand for merchant bars and light sections is slack."

The Commodities Research Prices have come under in-

creasing pressure because of the exceptionally slack demand, after an average advance of 5 per cent in guidance prices brought in under the Davignon plan on July 1.

The Bresciani steel producers of northern Italy had been widespread evaders of the minimum price system, but seem to have been brought into line by the establishment in Milan of a central administration, which monitors prices.

West German steel mills have emerged as an even more serious threat to price discipline, as their relative efficiency and financial strength allows them to undercut more freely than most other European steel producers.

The Steel Monitor says that "the principal weakness in the German market and reflects, we believe, a policy decision by the German mills to recapture their share of the home market by selectively beating the competition on price to important consumers.

"The German market has been more open than most others in Europe throughout the year, as the German Government has been lukewarm towards the EEC Commission's restrictionist policies and German customs authorities have not been as strict as the UK and France, for example, in controlling low-priced imports."

## China hints at big trade expansion with UK

BY DAVID HOUSEGO, ASIA CORRESPONDENT

PEKING, August 7.

THE CHINESE Government today opened up the possibility of a more than fourfold expansion of trade with Britain in the near future. This assessment excluded military sales where discussions are proceeding on the purchase by China of the Harrier jet.

The pace of expansion could be even faster if some of the projects under discussion with the Chinese are translated into orders.

It emerged today that a British company last week signed what is described as a substantial contract for the sale of a petrochemical plant to China although details, for the moment, are being withheld.

At the opening today of his talks in Peking with the Chinese Government, Mr. Edmund Dell, Trade Secretary, also proposed

to the Chinese an air service and a shipping agreement.

Mr. Dell, who is leading a strong delegation of industrialists, is on a week-long visit to China.

The optimistic view on the future expansion of Sino-British trade emerged in exchanges this morning between Mr. Dell and Foreign Trade.

After emphasising that the present low level of trade between the two countries amounted to £168m last year—did not reflect the potential of either side, Mr. Dell expressed the hope of increasing it by three or four times in the next two years.

Mr. Li said he thought the target was possible—and could be higher. In warm terms, he spoke of the favourable conditions contributing to the further development of Sino-British trade and

of China's readiness for flexible patterns of trading and of financing expansion of trade.

Among companies involved in projects under negotiation is Davy International, which has secured 250m of contracts with China already. Davy International, in co-operation with the British Steel Corporation, is negotiating with the Chinese over constructing one of the 10 steel complexes scheduled under the eight-year economic plan unveiled in March by Huo Kuo-feng, chairman.

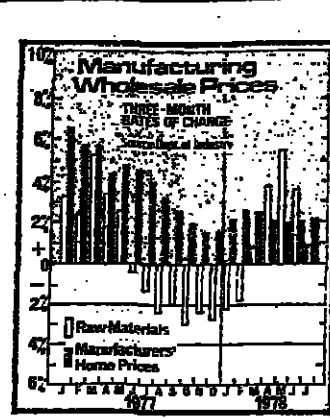
A mission of British steel-makers is to visit China this year and will be discussing other steelmaking equipment.

Employees of Glasgow apparently has submitted plans for a fertiliser plant after British Petroleum has had talks in London with the Chinese on oil exploration and development.

### WHOLESALE PRICES (1970=100)

	Output (home sales)	Raw Materials
1977 1st	248.0	341.5
2nd	259.2	347.7
3rd	267.7	340.5
4th	272.1	330.6
1978 1st	277.0	326.7
2nd	284.6*	340.7*
Jan.	277.1	324.9
Feb.	279.2	324.2
March	280.6	331.0
April	282.7	327.4
May	284.3*	341.5
June	284.3*	345.1*
July	285.7*	340.2*

\* Provisional  
Source: Department of Industry



## Raw material costs fall

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

HOPE OF avoiding a renewed surge in retail price inflation during the autumn and winter over the last year.

The earlier decline in sterling appears to be working through slowly to output/factory gate prices charged by manufacturing industry. This index rose by 0.8 per cent of 283.7 (1970=100) in July.

While this is slightly higher than the rate of increase in recent months, there has been little change in the trend measured over six months. This

The wholesale price indices for July were described as "most encouraging" by Mr. Eric Varley, the Industry Secretary.

The figures support Government forecasts that the 12-month rate of retail price inflation will remain around 8 per cent for the rest of this year.

The indices tentatively suggest on the upward pressure on costs from higher pay rises in Phase Three and from the effect of the decline in sterling this spring may cause only a relatively small, rather than a significant, pick-up in the underlying short-term trend of price inflation later this year.

The fluctuations of sterling are the major influence on the July figures. The index for the cost of manufacturing industry's materials and fuel fell by 0.5 per cent to 240.2 (1970=100). The fall was mainly because of the appreciation of sterling in response to the renewed weakness of the dollar. The trade-weighted index against a basket of other currencies was 1.3 per cent higher on average than in June, and 3.1 per cent higher against the dollar.

### Hopeful

Moreover, the pound has so far this month risen compared with the average July parties—notably by 13 per cent against the dollar. This suggests that there should be a further fall in the material costs index in August.

These favourable influences will in time go some way towards offsetting the impact of the earlier fall in sterling which pushed up the index by 5.8 per cent between February and June.

### £ in New York

	Aug. 4	Previous
Spot	£1.9275-9285	£1.9275-9285
1 month	0.98-0.99	0.98-0.99
3 months	1.05-1.06	1.05-1.06
12 months	2.00-2.01	2.00-2.01

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### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS:		FALLERS:	
Assoc. Dairies	260 + 8	Pilkington	505 + 18
Barclays Bank	342 + 8	RHM	801 + 31
Basset (G.)	148 + 0	Raeal Electronics	292 + 13
Booker McConnell	294 + 10	Robertson Foods	139 + 14
Chapman (Baltham)	83 + 8	Shaw Carpets	57 + 7
Dartmouth Invs.	293ad + 0	Starline	102 + 7
GEC	608 + 13	Sun Alliance	574 + 14
Olson	39d + 6	Tube Invs.	400 + 10
Hardy Co. (I'shrs)	39ad + 6	Vinten	170 + 8
Hawker Siddeley	230 + 6	Shell Transport	365 + 12
House of Fraser	163 + 3	Siebens (UK)	410 + 20
ICI	397 + 8	Ultramar	274 + 10
Lex Service	96 + 9	Bruckner Mines	94 + 61
London Brick	78 + 4	Doornfontein	947 + 21
Man. Agcy. & Music	98 + 6	East Rand Prop.	402 + 17
May and Hassell	78 + 8	Hanna Gold	57 + 4
Pearl Assurance	268 + 12	Leslie	651 + 31
		North West Mining	48 + 4
		RTZ	235 + 5
		Unilever Corp.	302 + 6
		Unisel	221 + 17

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July 1978

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## EUROPEAN NEWS

## THE SOVIET OIL INDUSTRY

Offshore expansion makes  
new technology necessary

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT, IN MOSCOW

THE OFFICIAL Soviet Government response to President Carter's decision to put oil industry equipment under a special export licence regime has been to deny its possible effectiveness. But there is no attempt here to deny that considerable purchases of Western equipment and know-how will be needed to fulfil the next decade's ambitious oil and gas production targets.

The Soviet view is that much of the technology and equipment they require is also available from non-American sources, even though turning to alternative suppliers could mean accepting less than the very best technology.

The Soviet Union's need to import substantial quantities of Western equipment is largely due to the sheer scale of the Soviet exploration and production effort. But it also reflects the USSR's relative technical backwardness in areas like accurate deep seismic analysis, deep drilling techniques and equipment, and off-shore technology.

This technology gap exists largely because most of the expansion of the oil and gas industry up to the later 1980s was concentrated on large and relatively accessible on-shore fields like the Urals-Volga. Here technology was developed to exploit oil and gas from relatively shallow hard-rock formations.

But the expansion eastwards into Siberia and the existence of large potential oil deposits in inland sea areas like the Caspian and off-shore areas like the Barents Sea and off Sakhalin Island in the Far East have created a big need for both deep drilling and off-shore technology.

They have also made necessary sophisticated gas injection recovery methods, pumping techniques and large dimension steel pipes.

In spite of these shortcomings and the enormous difficulties of producing and transporting oil and gas in the harsh Siberian environment, the Soviet industry is still on line to fulfil its target

of producing 620-640m tonnes of oil a year by 1980, compared with 546m tonnes last year, Mr. Takoyev said.

A key role in achieving this target is being played by the oil fields in Western Siberia, and especially the giant Samotlor field. According to Mr. Takoyev, output from the Samotlor field was 112m tonnes in 1977, and is scheduled to rise to 140m tonnes in 1978.

The latest Soviet estimate for output from the West Siberia oilfields as a whole in 1980 has been increased to 316m tonnes as compared with the 300-310m tonnes projected in the current Five Year Plan. Production of 350m tonnes is expected from the West Siberia oilfields by 1985, Mr. Takoyev added by way of re-asserting last year's controversial G.I.A. report which predicted an early peaking and subsequent sharp decline of output from this area.

In the Caspian Sea, where up to now off-shore production has been limited mainly to the shallow continental shelf, one Dutch-built and two Soviet-built jack-up rigs, capable of operating at depths of up to 75-80 metres are in operation. The first Soviet-built semi-submersible rig capable of operating in up to 250 metres and drilling to 6,000 metres is now expected to be ready to start operation early in 1979. A second Finnish-American semi-submersible is being assembled at Astrakhan.

Off-shore production of oil and condensate in the Caspian totals 11m tonnes so far, and by the end of 1980 five jack-up rigs and three semi-submersibles are expected to be in operation to boost production considerably, Mr. Takoyev added.

Foreign companies, including BP, Wimpsey, Brown and Root, McDermott and Japanese and French companies are currently awaiting a decision from the Ministry of Foreign Trade which is expected to award a new contract for off-shore drilling technology in the Caspian.

But the Soviet Union is also planning extensive co-operation with Comecon countries, particularly Romania, East Germany and Poland, which have extensive shipbuilding capacity in the exploration and exploitation of the ice-covered Barents Sea and other Arctic sea areas. This is an area where BP's combination of North Sea and Alaskan north slope experience is also believed to be of particular interest to the Soviet industry.

According to Mr. Takoyev, geological research so far in the Barents Sea shows "a good structure very rich in hydrocarbons at a depth of around 3,000-3,100 metres." But exploratory drilling on an off-shore island in the sea has not yet reached the levels at which the oil deposits are presumed to exist.

The industry also holds out good prospects for the East Siberian fields where some Soviet geologists believe there are more than likely to be extensive gas deposits, while others believe that seismic studies so far indicate large and balanced deposits of both oil and gas, according to Mr. Takoyev.

On the subject of Comecon co-operation in the energy field, which was one of the major topics for discussion at the recent Comecon summit in Bucharest, Mr. Takoyev said there are now several long-term agreements lasting into the 1990s. These cover co-operation in off-shore exploration, down-hole instruments, surface installations, pipelines and scientific and technological research into enhanced oil recovery and other fields. He also indicated that Soviet supplies of oil and gas to Comecon "would not be less than now" during the next Five-Year Plan.

Delivery targets for the next Five-Year Plan have not yet been fixed and were in any case a matter for the competence of the Gosplan and the Foreign Trade Ministry, not the Oil Ministry, he added.

Mr. Takoyev made clear, however that in general Soviet policy believes it will be able to obtain the technological assistance it requires.

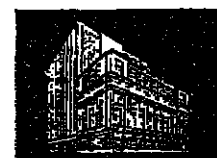


A drill rig in Siberia, with enclosed work space to protect workers from the -50°C temperatures.

in some Comecon countries, and the expansion of their coal, lignite and other energy sources. The USSR also wanted to further greater fuel economy, and increased trade and co-operation with oil-producing countries outside the Soviet Bloc.

The implication is that although Soviet energy shipments will not fall in quantitative terms, Soviet oil and gas will satisfy a decreasing percentage of Comecon's overall, rising energy needs.

This would leave the Soviet Union free to export whatever surplus it can manage to produce in the 1980s to the hard currency area from which it still believes it will be able to obtain the technological assistance it requires.



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June 30, 1978

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## ASSETS

Cash and Due from Banks	\$ 567,848,000
Securities	
U. S. Government	522,760,000
Federal Agency and Other	8,160,000
Obligations of States and Political Subdivisions	358,265,000
Trading Account	145,843,000
Money Market Assets	
Federal Funds Sold and Securities	
Purchased under Agreements To Resell	189,160,000
Other Domestic	297,764,000
Foreign Offices	492,103,000
Loans	1,718,757,000
Reserve for Possible Loan Losses	(25,584,000)
Buildings and Equipment	87,844,000
Other Assets	88,109,000
<b>TOTAL</b>	<b>\$4,451,019,000</b>

## LIABILITIES

Deposits	
Demand	\$1,113,095,000
Savings	815,584,000
Other Time	660,595,000
Foreign Offices	776,274,000
Total Deposits	\$3,365,548,000
Federal Funds Purchased and Other	
Borrowings	708,419,000
Accrued Taxes and Other Expenses	66,950,000
Other Liabilities	27,976,000
Long-Term Notes	50,000,000
Total Liabilities	\$4,218,893,000

## STOCKHOLDER'S EQUITY

Capital Stock—\$20 Par Value	\$ 66,000,000
Surplus	101,000,000
Undivided Profits	40,126,000
Reserve for Contingencies	25,000,000
Total Stockholder's Equity	232,126,000
<b>TOTAL</b>	<b>\$4,451,019,000</b>

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All of these securities having been sold, this announcement appears solely for purposes of information.

## NEW ISSUE

August 7, 1978

\$200,000,000

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Interest Rate through February 28, 1979 at 9%

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Nippon Kangyo Kakumaru International, Inc.		Sanyo Securities America Inc.



## EUROPEAN NEWS

### Prime Minister of W. German state forced to resign

By Jonathan Carr

Bonn, August 7.

DR. HANS FILIBINGER, the Prime Minister of the West German state of Baden-Wuerttemberg, today announced his resignation following a month-long barrage of criticism of his activities as a naval judge towards the end of the Second World War.

In bitter comments to reporters, Dr. Filibinger, aged 64, said he had been done a grave injustice—that he was the victim of a defamation campaign unparalleled in Federal German history.

Pressure on him to step down even from within his own Christian Democrat (CDU) party—became overwhelming following revelations of death sentences he passed on deserters when serving as a naval staff judge in Norway in 1945.

Initially he admitted to being involved in only one case, but later details of others emerged to whose authenticity he did not dispute.

Dr. Filibinger noted that he had been under orders—and that he feared for his life if he would not have been able to use his influence to obtain remission for some of the sentences. In the last few months he has constantly said he had been the victim of a campaign of extreme Left-wing hate.

His decision to resign brings to a close a 12-year career as a Government leader, during which he further strengthened Baden-Wuerttemberg's position as a key CDU bastion. At the last State elections in 1976, the CDU gained

nearly 57 per cent of the vote—against only 23 per cent for the main opposition party, the Social Democrats (SPD).

There is so far no firm word on a successor. Possibilities include the state Interior Minister, Herr Lothar Spaeth, and the Lord Mayor of Stuttgart, Dr. Manfred Rommel, son of the wartime field marshal forced by the Nazis to commit suicide.

At the immediate party political level, Dr. Filibinger has had to agree to step down because of a massive decline in support within the ranks of his own party.

When first details of a death sentence he had passed were revealed in an article in February, this year, the play-wright Herr Rolf Hochhuth, most of the CDU state and federal later details of others emerged to whose authenticity he did not dispute.

As other cases emerged CDU has been under orders—and that he feared for his life if he would not have been able to use his influence to obtain remission for some of the sentences. In the last few months he has constantly said he had been the victim of a campaign of extreme Left-wing hate.

Beyond this, the Filibinger affair has caused intense Government leader, during which he further strengthened Baden-Wuerttemberg's position as a key CDU bastion. At the last State elections in 1976, the CDU gained

### Ecevit attacks strict loan conditions

By Metin Munir

ISTANBUL, August 7.

MR. BULENT ECEVIT, the Turkish Prime Minister today criticised developed countries and international finance organisations for imposing restrictions on the economies of underdeveloped nations, which could lead to political upheaval.

"Countries and institutions allocating credits usually force the economies of underdeveloped countries to stagnation in the name of 'stability,'" said Mr. Ecevit. But he claimed that developing countries could only achieve development through "dynamic stability."

Enforcing "stagnant stability," he said, could result in widening the gap between developed and developing countries, as well as social and political upheavals due to slower development or higher unemployment.

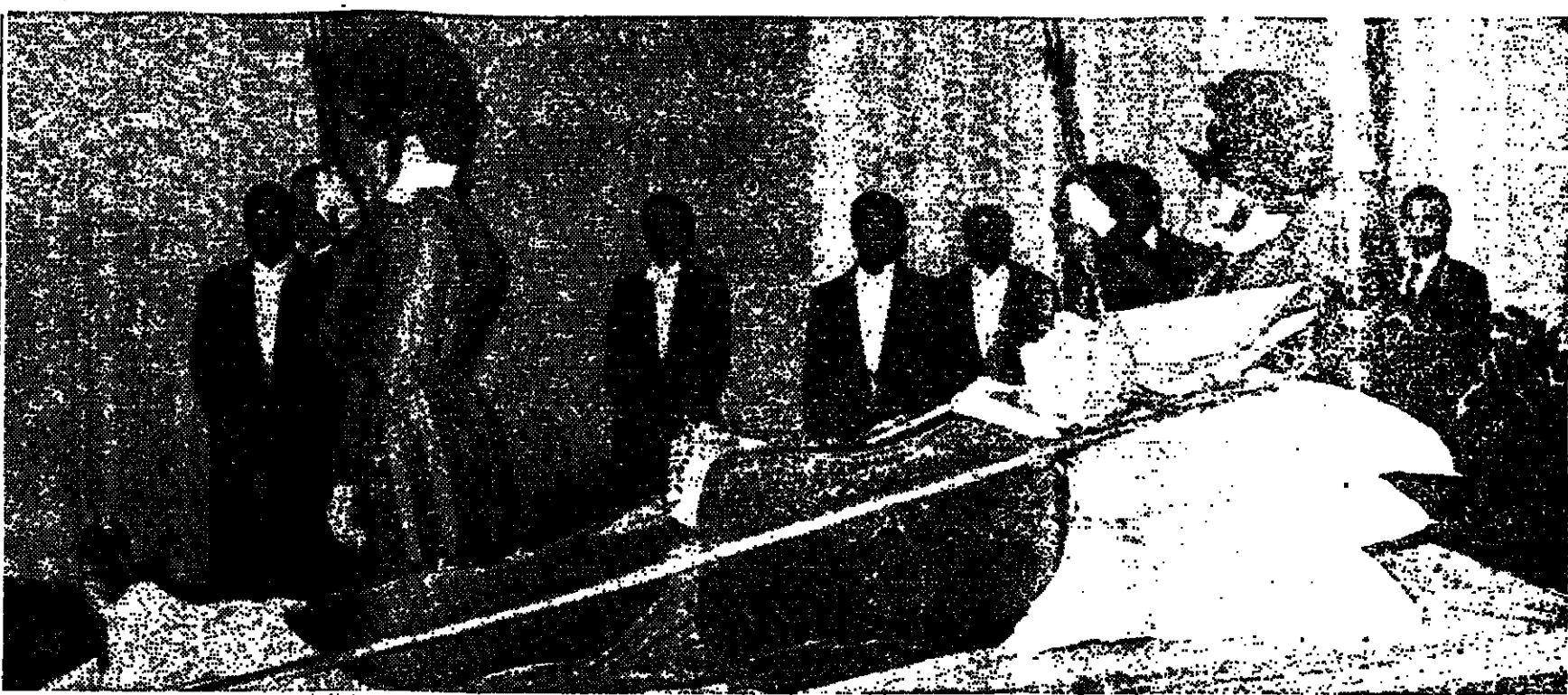
Such "upheavals" could increase the tendencies to establish autocratic regimes. Mr. Ecevit's words clearly referred to conditions in Turkey and reflected his fears about it.

Turkey's economic condition has forced Mr. Ecevit's administration to adopt a stabilisation programme which is leading to stagnation. The programme has been formulated in consultation with the IMF, which signed a stand-by agreement with Turkey.

Mr. Ecevit also condemned multinational companies, which, he said, "are not at ease with democracy even in their mother countries. They tend to move away from labour-intensive industries in their mother countries, where labour rights are protected by democratic regimes, and install them in countries where authoritarian regimes keep wages at low levels."

Mr. Ecevit was speaking before the opening session of the seminar in Istanbul on the "new international economic order" attended by representatives of a number of underdeveloped nations. The five-day seminar will examine the "balance sheet of four years" since the special session of the UN General Assembly in 1974.

Mr. Ecevit suggested some prerequisites to help the underdeveloped nations break out of their "vicious circles."



### Mourners flock to palace as Pope Paul lies in state

By Paul Betts

Rome, August 7.

THOUSANDS OF pilgrims flocked today to the Papal palace of Castel Gandolfo, near Rome, where Pope Paul VI died last night, aged 80, after a heart attack while attending mass in St. Peter's Basilica.

All public buildings in Rome flew flags at half mast today. The French Cardinal Jean Villot, the Vatican Secretary of State, took interim control of the daily administration of church affairs. A council of cardinals currently present in Rome are now to organise the Con-

clave, which must take place within the next 20 days, to elect the new Pope. While Pope Paul's papal ring and seal were smashed today following Church tradition, there was already speculation here over his possible successor.

The general view here is that the Sacred College of Cardinals is expected to elect another Italian pope, although the voice of the Italian cardinals within the conclave has been sharply cut back.

Among the most likely candidates is Cardinal Sergio Pignedoli, an intimate friend of Pope Paul and his close adviser when he was Archbishop of Milan.

Cardinal Pignedoli is also president of the Vatican's secretariat for non-Christian affairs, and hence could win the support of Third World representatives of the Sacred College.

Pope Paul's body, in Red Papal vestments, lay today in the second floor "Swiss Hall" of Castel Gandolfo, the Pope's summer residence. The body will be moved to St. Peter's in

Rome on Wednesday and will be buried in the crypt after a funeral service on Saturday.

Messages of sympathy throughout the world reached Rome today. The new Italian President, Sig. Sandro Pertini, who only last week officially called on the Pope, expressed the nation's deepest sorrow, as did the Communist President of the Italian Chamber of Deputies, Sig. Pietro Ingrao.

Pope Paul's health had been reported to be frail but his death following a cardiac arrest last

night took Italy by surprise. During his Easter address, however, Pope Paul had spoken about his deteriorating condition. Pope Paul's reign was generally regarded as a transitional phase in the Roman Catholic Church. Pope Paul aimed above all at consolidating the innovative and progressive reforms of Pope John XXIII.

His succession is now expected to provide a clue to the way the Catholic Church intends to move and to adapt itself to a modern world and a changing society.

### French radical leader may lead unemployment study

By David White

Paris, August 7.

THE JUNIOR of the three parties in France's one-time "Union of the Left," the Left Wing Radicals, has been split by wingers and dissenters in the move President Giscard d'Estaing is proposing a special mission to the Government's M. Robert Fabre, a founder and its leader at the March general election.

The party's central committee has been summoned for an urgent meeting on Wednesday to discuss M. Fabre's appointment to look into the unemployment problem.

M. Michel Crepeau, who replaced M. Fabre as leader after the Left's poll defeat, said he was "grieved" by his pre-decessor's rapprochement with about the proposed mission.

the President. M. Fabre was "grieved" by reactions of other Left Radicals, has been split by wingers and dissenters in the move President Giscard d'Estaing is proposing a special mission to the Government's M. Robert Fabre, a founder and its leader at the March general election.

He would, he said, demand full information before giving his final acceptance to the President.

If his mission failed, it would prove that a new relationship between the Government and the opposition, sought by Giscard d'Estaing since the first days of his election, was impossible.

The Communist Party, always the Left's poll general, said he was "grieved" by his pre-decessor's rapprochement with about the proposed mission.

### Child dies in Dutch polio outbreak

By Charles Batchelor

AMSTERDAM, August 7.

AN OUTBREAK of polio which has affected nearly 100 members of strict communities in Holland opposed to vaccination on religious grounds has claimed its first fatality. A three-month-old baby girl from the village of Meliskerke in south western Holland died of polio, the Health Ministry said. The child died on June 28 but the death has only now been attributed to polio.

The number of confirmed cases since the outbreak began in April has now risen to 98. The health authorities are convinced the worst of the epidemic is now over, however, and say that new cases being discovered contracted the disease some time ago.

### Eanes to meet political leaders

By Jimmy Burns

Lisbon, August 7.

ALTHOUGH the deadline set by President Ramalho Eanes last week for the solution of Portugal's political crisis expired today, the country remains without a Prime Minister and Government.

The President was due to meet the main political leaders, including Dr. Mario Soares, the former Prime Minister, tonight to present what is believed to be a list of possible candidates for the premiership.

It is thought that the post will go to a moderate socialist rather than to a military man as suggested earlier. The President is believed to be keen on ending the aggressive attitudes adopted by the Socialist Party after its public rejection of the presidential ultimatum last week.

As leader of the Socialist Party, Dr. Soares has already made plain his disapproval of the possible appointment of a military man to head the next Government. Dr. Soares said that the appointment would put too much power in the hands of the armed forces. The President is a General and is advised by the military Council of the Revolution, a body empowered to veto future Government legislation.

Almost lost in the general political confusion is the fact that a nationwide strike by Portugal's 8,000 merchant seamen, has now entered its fourth week. The strike is continuing because of the refusal of Ministry of Labour officials to sign a collective wage agreement. They say that they are no longer

empowered to do so. The strike threatens to affect fuel supplies to the important tourist region of the Algarve. It may also disrupt food supplies to the Azores and Madeira. The seamen are demanding an increase of 19 per cent and improved conditions.

Portugal's hotel workers, who went on strike earlier this month, may soon stop work again. The earlier stoppage was 70 per cent effective in some parts of the country and complete in a number of major hotels. The latest bout of labour militancy is believed to be part of a reminder by the Communist Party that it is still a force to be reckoned with, and that the President cannot ignore it in any political solution.

### P & O director seeks shipping diversification

By Lynton McLean

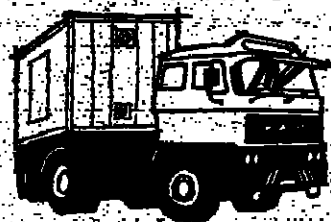
WORLD SHIPYARDS should concentrate on building "non-commercial shipping," including small vessels for coastal trades, fishing and oil protection, Mr. Sandy Marshall, managing director of P & O said in Norway yesterday.

Mr. Marshall spoke at the launch of the Ragni Berg motor vessel from the Drammen shipyard. He criticised the British Government for its short-sighted measures providing "give-away ships" for Poland and other developing nations. "This only postponed a reduction in Britain's shipbuilding capacity."

He said the problems in the shipyards were severe, but subsidies were unproductive.

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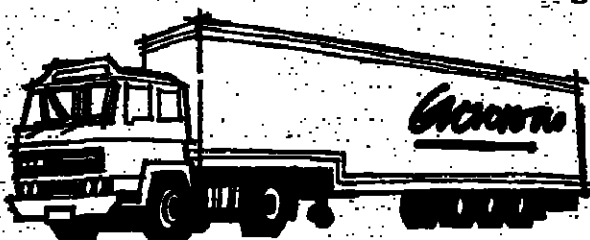
The result, sub-standard trucks with sub-standard back-up service.

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Well, last year saw our best ever profit situation with market penetration increasing throughout Europe.

In Great Britain, a record number of trucks were sold, pushing DAF Trucks firmly into the number two importer position in the heavy truck sector.

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P.J.G. van Doome — President, DAF Trucks.



## OVERSEAS NEWS

## Rhodesia racism statement expected

By Tony Hawkins

SALISBURY, August 7.

RHODESIA'S TRANSITIONAL Government is to make a major statement on the abolition of racial discrimination tomorrow.

This was announced today by Mr. Ian Smith, the Prime Minister, in a public statement from Bishop Abel Muzorewa on his return from Britain and America, that the interim Government's failure to move on racism was costing it support and friends internationally.

Today, the two tiers of the interim administration—the four-minister Executive Council and the 16-member Ministerial Council—met in joint session to consider the statement.

Observers here expect the statement to announce the repeal of the Land Tenure Act insofar as it applies to white residential areas. At the moment blacks are precluded from owning property in white residential areas though they can do so in white farming areas.

It remains to be seen whether there will be any move to cope with discrimination on three crucial fronts—education, health and the military call-up. The blacks are demanding the immediate repeal of racial laws in respect of schools and the military while the white members of the coalition have told the African politicians that they must prepare their supporters for a call-up that embraces all races and not just the whites, coloureds and Asians.

Observers here believe that it will not be possible to make anything more than a statement of intent on these three issues. The schooling position is simple in that there is just no capacity to cope with the 200,000 plus black children thrown out of primary schools by guerrilla action. There is some limited capacity in white schools but throwing open the existing schools to all races in white areas would inevitably create a chaotic situation without providing a significant increase in the number of school places. Accordingly, any programme in respect of both schools and hospitals would have to include a substantial increase in schooling and hospital fees to ration places and beds.

The position is equally difficult in regard to the military call-up. Black students and senior school-leavers have demonstrated bitterly against the call-up claiming that they are unwilling to fight for the transitional government against "the boys in the bush."

In a separate development combined operations headquarters today announced that six blacks had been injured—one of them seriously—when a hand grenade was thrown into a beer-hall in Salisbury's Glen Norah African township.

## Japan and China could settle treaty terms soon

BY ROBERT WOOD

TOKYO, August 7.

MR. SUNAO SONODA, the Japanese Foreign Minister, hopes to complete negotiations for a peace and friendship treaty between Japan and China in the beginning in Peking tomorrow.

Lower-level Japanese and Chinese negotiators have considerably narrowed differences over two controversial proposed clauses in the treaty, but there is still significant disagreement between them.

China demands a clause stating that both countries are opposed to the attempt of any country to achieve hegemony in the region. Japan, fearing to offend the Soviet Union, refuses to approve such a clause unless the treaty contains an additional clause stating that it is not aimed at any specific third country.

Since the Chinese certainly do mean the Soviet Union in their

statement of opposition to hegemony, they are reluctant to accede to the Japanese proposal in working-level talks last week, the two sides agreed that the treaty would include an "anti-hegemony clause," but also some kind of clause minimising the treaty's implications for a third country or countries.

The negotiations now centre on what the second clause may say. They were complicated on Sunday when a Chinese official told Japanese reporters the contents of China's version of the clause; but Mr. Takeo Fukuda, the Prime Minister, formally decided to send Mr. Sonoda to Peking anyway.

The Japanese version of the proposed clause says: "This treaty is not directed at any particular third country." The Chinese version says: "Efforts to strengthen and develop the two countries' friendly relations

on the basis of this treaty are not directed against a third country." (Or countries—the singular and plural in Oriental languages are the same.)

The Chinese side was reported anxious to change the phrase "any particular third country" to "a third country."

Japan is vulnerable to Soviet pressure because its fishing fleet depends on catches within the Russian 200-mile fishing zone, and because the Soviet Union bases a vast navy just north-west of the Japanese Islands. In an action believed related to the treaty talks in Peking, the Russians indicated today that they would withhold signing an agreement on joint venture crab fishing. The decision meant that crabbing by Japanese fishermen in at least part of the Russian zone this summer would probably be impossible.

## Death toll rises in new Beirut fighting

BY HANAN HIJAZI

BEIRUT, August 7.

THE fierce clashes here last night between Syrian troops of the Arab peace-keeping force and Christian militiamen have reached a new degree of intensity in the city.

Both sides brought in reinforcements in the morning, and the fighting continued with each others' strategic positions, while civilians were caught in the middle.

For the first time, Syrian troops fired flares to pin point Christian positions in the offices of the Phalangist Party and the National Liberal Party were the main targets in the Syrian rocket and artillery attacks. The transmitter of the Phalangist "Radio Voice of Lebanon" received a direct hit which put it out of action until this morning.

When it came back on the air, the radio said that as many as 60

people were killed and 220 wounded in the night-long fighting.

In the artillery exchanges in the predominantly Christian quarters of East Beirut, the militias pounded Syrian troops entrenched at Rizk Tower—an unfinished skyscraper with a commanding view of the eastern quarters.

Newspapers today carried photographs of the firing on and from the tower, located at the district of Ashrafyah.

Reports in the Press said the Phalangists had brought reinforcements into Ashrafyah during the past two days, and set up additional armaments with the aim of trying to dislodge the Syrians from the Christian areas.

## Sudan reconciliation

BY ALAN DABY

KHARTOUM, August 7.

MR. SADIQ EL MAHDI, the former Prime Minister of Sudan who was sentenced to death in absentia for his part in a violent 1971 coup, is expected to return to Khartoum in July 1978, has sworn a political oath of allegiance to President Jaafar Mohammed Nimeiri's government.

This is a highly significant step in the process by which Mr. Nimeiri has hoped to bring about reconciliation with the conservative opposition groups. It appears to clear the way to Mr. Sadiq's taking a senior post in the government.

Mr. Sadiq returned to Sudan last September when President Nimeiri began releasing political

prisoners. So far, by no means all the opposition groups have been drawn into the reconciliation and there remains exiles and training guerrillas in camps in Ethiopia and Libya.

One factor which may have led to Mr. Sadiq's decision to move closer to the regime is the fact that Sudan faces a very severe economic crisis. Short-term problems have been aggravated by the devaluation of the Sudanese currency by an effective 20 per cent, which has led to unpopular price rises and shortages, though it has helped pave the way towards an agreement with the International Monetary Fund.

## Fraser sacks senior minister

By Our Own Correspondent

CANBERRA, August 7.

THE Australian Prime Minister, Mr. Malcolm Fraser, has been forced to dismiss one of his most senior ministers following a scandal over electoral boundaries.

Mr. Fraser notified the Governor-General, Sir Zelman Cowen, tonight of his decision to dismiss Senator Reginald Withers—the Minister for Administrative Services, Government leader in the Senate, and fifth-ranking member of Cabinet.

The decision, which has produced angry mutterings among Government backbenchers who support Senator Withers, followed a Royal Commission report on allegations of impropriety in the redrawing of electoral boundaries in Queensland last year.

The report, due to be made public today, is understood to conclude that Senator Withers, whose portfolio involves responsibility for the electoral office, improperly intervened to have the proposed name of an electorate altered.

Despite opposition from a number of senior ministers who argued at a special cabinet meeting today that Senator Withers had done nothing illegal, Mr. Fraser insisted that the Royal Commission's findings must be upheld.

The issue, which is the most serious political crisis since Mr. Fraser came to office at the end of 1975, will provide the Labor opposition with ammunition for a full-scale attack when parliament resumes next Tuesday after a two-month winter recess.

The Royal Commission was set up in April as a result of allegations by Mr. Donald Cameron, then deputy Government whip in the House of Representatives, against another minister—Mr. Eric Robinson, the Finance Minister, who has been cleared of impropriety in the report.

**Mrs Gandhi to defy ban**

NEW DELHI, August 7.

MRS. INDIRA GANDHI has decided to organise a "save India day" on Wednesday throughout the country. Although this is meant to take the form of peaceful demonstrations against "Janata misrule," an outbreak of violence is feared.

This is because many state governments have decided to ban demonstrations and Mrs. Gandhi's Congress Party plans to defy such orders. The former Prime Minister is likely to lead a procession to Parliament in New Delhi. The authorities are planning measures to forestall violence.

It is intended to present a petition against the Janata Government to the President and Parliament. Similar petitions will be presented to the authorities in state capitals and district headquarters.

## Third Cambodian purge throws wider net

BY RICHARD NATIONS ON THE THAI-CAMBODIA BORDER

Khmer Rouge soldiers moved into the Thma Poek district, arrested the five-man ruling committee, and began to put out to the 15 co-operatives under the district's jurisdiction.

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signs of the purge were either changes in the co-operative leadership, or the disappearance of former common soldiers, village headmen, school teachers, and others.

TALKS BETWEEN Vice-Foreign Ministers of China and Vietnam are to start in Hanoi today, aimed at resolving the two countries' dispute over Chinese nationals leaving Vietnam, John Hoffmann reports from Peking.

The New China News Agency said yesterday that success or failure in the negotiations would depend on the establishment of a "sincere atmosphere and favourable conditions, neither of which existed at present." The Vietnamese side has stepped up, instead of halting, its persecution and

Kwang Pi and most other Khmer Rouge administrators in Thma Poek and surrounding districts, turned out to be on other lists of suspects while compiling their own. On June 26

expulsion of Chinese residents, the agency said.

hundreds of Chinese residents of Haiphong, Ho Chi Minh City and Quang Ninh province have been herded to border crossing points. More than 700 Chinese were stranded on a bridge at Tungsing, unable to cross into China or to retreat into Vietnam. Although China has tightened border controls and refuses to admit refugees without consulate documents, the agency blamed Vietnamese obstruction for the refugees' plight.

Kwang Pi and his subordinates were arrested on July 5. The same day an announcement was made to the effect that the 70,000 citizens in the district, 40,000 were traitors who had

collaborated with the CIA and concealed the names of former Lon Nol soldiers and agents of Thailand and Vietnam. Refugees from other co-operatives in the same district confirm this declaration.

Kwang Pi said he managed to take advantage of a fracas some days later to escape to Thailand on July 12 where he has been jailed him as protection from the revenge of many of his former words who have also crossed the border.

Kwang Pi says that a cadre of true Communists was brought in to replace him and his subordinates in his home district. They would extend the Khmer Rouge's direct control over local administration down to 300-family subdivision of the co-operative.

Other refugees report that new co-operative rulers, brought in between May and June, were far stricter for the most part came from the province of Kompong Chhnang, just north of Phnom Penh. Some observers believe the Kampuchean Communist Party has been nurturing new generation of party cadres

in schools located around Phnom Penh.

The new refugees reports encounters with Khmer Rouge patrols within a few miles of the Thai frontier.

Two Khmer Rouge regulars who defected recently from the 300-man battalion patrolling that stretch of the border said that about a third of their unit, the fittest and those with revolutionary fighting experience, had been transferred to the Vietnamese front since fighting there escalated in mid-June.

There are other signs that Cambodia's defence force of 8,000 along the Thai border has been depleted over the past two months, mainly by running down rather than by transferring main units. That offers little relief for those fleeing to Thailand, since the frequency of patrols has been increased to offset the diminishing numbers.

More than 350 Cambodian refugees have gathered over the past fortnight at Ta Phraya district police station in Thailand, about a day's walk west of Thma Poek. This figure com-

## AMERICAN NEWS

## Stoppage threatens New York newspapers

By John Wyles

NEW YORK, August 7.

A NEW THREAT to the production of New York City's daily newspapers is being posed by the Pressmen's Union, whose leaders warn that they may call a strike from tomorrow night.

The pressmen's contract expired at the end of last March, as did those of eight other unions. During protracted negotiations the city's newspaper publishers' association wanted that revised working rules would be posted tomorrow unless agreement was reached on a new contract. Although negotiations are resuming this afternoon in the presence of a federal mediator, the union hopes of avoiding a stoppage by the men who work the printing machines.

At a weekend meeting the pressmen employed by the New York Times, the Daily News and the New York Post authorised strike action and union leaders warned later that imposition of new rules would result in an immediate stoppage.

All three newspapers are keen to reduce press room manning which, according to the New York Post today, is about twice as high as necessary. Many jobs have become superfluous since the introduction of new printing technology. The New York Times switched over to cold metal printing early in July. It now uses a plastic printing plate, weighing three-quarters of an ounce and compared with the 45-40 pound lead plate traditionally used.

Both the Daily News and the New York Post have dispensed with hot metal production and both plan to switch to the light-weight plastic plate over the next few months. This will further reduce manning requirements in the press room.

Negotiations with the pressmen have so dominated management that the last few months of the pressmen's contract have been spent in the press room. Negotiations with the pressmen have so dominated management that the last few months of the pressmen's contract have been spent in the press room.

Mr. Tamm, who said that although the amounts were not large, the stand-by arrangement would generate confidence internationally in the basic soundness of Guyana's economy and made it possible to raise additional funds to finance the development programme.

Mr. Burnham said that his Government had no intention of allowing the country to endure the embarrassment and humiliation which would accompany failure to meet the targets.

Mr. Joseph Tyndall, acting secretary-general of the Caribbean Community, has been appointed to replace Mr. King as Trade and Consumer Protection Minister. Mr. Burnham said Mr. King was not involved in the alleged irregularities, but had resigned because he was embarrassed and felt it could reflect on the Government.

Weather modification call

BY OUR SCIENCE EDITOR

THE U.S. Government should give meteorologists a clear mandate to produce a "kit of useful tools" for modifying the weather, according to the chairmen of its Weather Modification Advisory Board in Washington.

Mr. Harlan Cleveland, of the Aspen Institute for Humanistic Studies, writing in the current issue of Science, claims that a more vigorous and better focused research effort could produce regional increases of 10-30 per cent in mountain snowpack in the 1980s, and increases of 10-30 per cent in rainfall in such areas as the High Plains and the Midwest by the late 1980s.

By the 1990s it could be producing 10-20 per cent reductions in some hurricane wind speeds—"in some hurricane wind speeds"—and up to 60 per cent reduction for hail in some kinds of storms.

These figures have been submitted to Congress in response to questions about the federal government's role in changing the weather.

According to the 17-member advisory Board, the case for

## Poor performance of nuclear reactors to be investigated

BY DAVID FISLOCK, SCIENCE EDITOR

NEW YORK, August 7.

A JOINT study over the next year of the reliability of one of the best-selling nuclear reactor systems in the world is to be carried out by U.S. General Electric and four of its licensees. The aim will be to discover which design, manufacturing or operating features are responsible for the poor performance of many power reactors of this type.

Cooperating with U.S. General Electric will be two Japanese licensees, Hitachi and Toshiba, the Swedish group ASEA-Atom, and the Italian group AMN.

According to Dr. Bertram Wolfe, general manager of the U.S. General Electric nuclear energy programmes division at San José, California, the study will try to make better use of the technical resources of the five companies. The study team of 21 senior engineers will be pin-pointing new components and systems which could improve the overall performance of the plants.

IMF sets stringent terms for Guyana credit

BY OUR OWN CORRESPONDENT GEORGETOWN, August 7.

A ONE-YEAR \$4m stand-by credit arrangement with the International Monetary Fund, announced recently for Guyana, carries stringent but achievable targets, Mr. Forbes Burnham, the Prime Minister, has said.

The targets include 5 per cent real growth in GDP over 1977, reducing the current account gap from 23 per cent of GNP last year to 10 per cent this year. Increasing the public sector surplus from \$15m to \$26m, reducing commercial credit arrears from \$20m to \$15m, and increasing the central bank's gross foreign assets from \$12m to \$20m.

The stand-by credit is being provided with an additional \$5.5m from the IMF's compensatory financing facility.

Mr. Burnham said that although the amounts were not large, the stand-by arrangement would generate confidence internationally in the basic soundness of Guyana's economy and made it possible to raise additional funds to finance the development programme.

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BY OUR SCIENCE EDITOR

THE U.S. Government should give meteorologists a clear mandate to produce a "kit of useful tools" for modifying the weather, according to the chairmen of its Weather Modification Advisory Board in Washington.

Mr. Harlan Cleveland, of the Aspen Institute for Humanistic Studies, writing in the current issue of Science, claims that a more vigorous and better focused research effort could produce regional increases of 10-30 per cent in mountain snowpack in the 1980s, and increases of 10-30 per cent in rainfall in such areas as the High Plains and the Midwest by the late 1980s.

By the 1990s it could be producing 10-20 per cent reductions in some hurricane wind speeds—"in some hurricane wind speeds"—and up to 60 per cent reduction for hail in some kinds of storms.

These figures have been submitted to Congress in response to questions about the federal government's role in changing the weather.

According to the 17-member advisory Board, the case for

## Inching back to democracy

By Sarita Kendall in Quito

AS THE Ecuadorian Electoral Tribunal continues the official count of votes in the first round of the presidential election, held last month, confusion, irregularities and accusations of fraud threaten the election, and a return to civilian rule.

No cases of fraud have been proven, but the failure of some provincial authorities to follow the procedure ordered by the Tribunal has led to annulment. The votes from the whole of Cotacachi province and several other areas have been cancelled causing consternation and claims of deliberate sabotage.

But the military Government has repeatedly assured that the result will be respected, and new elections in areas of cancellation, if these affect the outcome.

The lead of the winner, Sr. Jaime Roldos, is not likely to be changed by the recount, but the main Right-wing candidate, Sr. Sixto Durán Ballón, had an advantage of only 19,000 over the Liberal, Sr. Raúl Clemente Huerta, for second place after the unofficial tally. Sr. Durán Huerta are both claiming second place, and the consequent right to run against Sr. Roldos in the second round, which will have to be postponed to the end of the year unless counting speeds up considerably.

By giving Sr. Roldos of the Popular Forces movement a clear majority in the first round, Ecuadorians have supported a man who emphasised throughout his campaign the need for social change. Roldos, who is expected to take the presidency, is a populist, he is in fact an intellectual with a highly coherent speaking style but little administrative experience. During a recent news conference, the 38-year-old law professor denounced the Right's manoeuvres to try to create the climate for another military coup d'état by fostering rumours designed to produce economic chaos.

Sr. Roldos, who took over the post of the younger son of Sr. Assad-Bucaram was barred by the military Government through the device of invoking his Lebanese origins, is often accused of being a puppet for the old populist leader from the port city of Guayaquil. But the persona of the younger man has taken on a new force since his electoral triumph, and his insistence that "Roldos elected means Roldos president" now carries conviction. Popular Forces supporters agree that Sr. Bucaram would be most unlikely to get an important post in a Roldos government, but will continue as party chief. Any hint of intentions to the contrary would considerably reduce the chances of Sr. Roldos taking over from the military.

Despite the attacks of conservative forces, Sr. Roldos has always held the private sector must have security—but that investors must earn this security by paying taxes and obeying Ecuadorian laws.

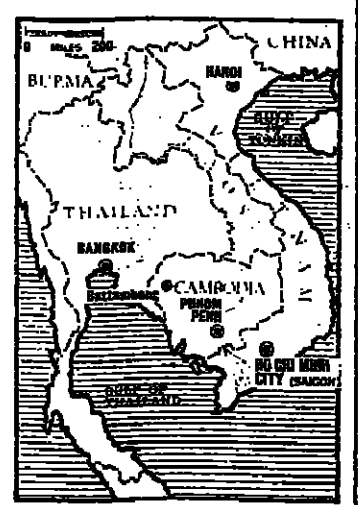
A tax reform would raise direct taxes on higher income groups, curbing the evasion and introduce a wealth tax, to provide sufficient income so as to make unnecessary the recent practice of borrowing abroad to finance the budget. Political reforms would place special importance on increasing opportunities for participation in government and political structures, to reflect the spirit of the new constitution which is to come into effect when the civilian president takes power.

The Christian Democrat, Sr. Oswaldo Guzmán, the 39-year-old lawyer, in response to Sr. Roldos's warning the Roldos's election will be set up to the vice-president council and produce a national plan. Agrarian reform, educational reform and administrative decentralisation are seen as crucial elements in the plan.

The Ecuadorian foreign debt, excluding most military commitments, is likely to exceed \$1.5bn by the end of the year, and oil income is dropping as exports and international tourism soar. Bananas, cocoa and coffee still account for nearly a third of all exports, but sales abroad of industrial products have increased by nearly 600 per cent since 1973. Imports, including food products, have doubled in the same period, and the trade surplus has been whittled away. Although Ecuador is exporting some refined oil products this year, and sales of crude oil are only slightly down in value compared with those of 1977, dwindling reserves make it unrealistic to rely on oil to finance national development in the medium-term.

Economic growth, particularly in industry, remained relatively strong last year nearly 7 per cent. But, as the Central Bank managed, said recently, "the income has not come to benefit the majority of Ecuadorians." A spate of price rises and an annual inflation rate of 14 per cent have provided demands for wage increases. "With expectations high, the next Government will be forced into a delicate balancing act."

Financial Times, published daily except on Sundays and public holidays. Second class postage paid at New York, N.Y.



paries with an average of about 100 new arrivals per month, since the beginning of this year according to UN figures.

If the arrests in northern Battambang are part of a wider purge to be extended in coming weeks throughout the province or even the whole border region, Thailand can expect a sharp increase in fugitives to add to the thousands of Khmer refugees already in the country. It would also tend to pressure wider instability in the long run for a regime trapped in the downward spiral of rule by paranoia and repression.



## WORLD TRADE NEWS

## U.S. to launch major export promotion in Japan

BY ROBERT WOOD

TOKYO, August 7.

JAPAN, IN facing a "Hobson's choice" between encouraging export promotion and allowing foreign firms to enter the market, has generally chosen to encourage entry of foreign firms.

Mr. Frank Weil, the U.S. Assistant Secretary of Commerce for Economic Affairs, said here today.

She has created the domestic political will to dismantle non-tariff barriers and aid foreign businessmen, he said.

Mr. Weil said he had been in Japan for some time, but this depended on the extent to which businessmen passed on the price changes which the higher yen had produced.

Mr. Weil was in Japan to meet Japanese officials and the Trade Facilitation Council, a group of Japanese and American businessmen and officials formed to reduce import barriers. He said Mr. Weil, although he would not

release details of the scheme. But he said the U.S. must raise its priority on exports (one symbolising the U.S. priority list); make it more attractive for small companies to export; remove government-imposed disincentives on exporters (the Commerce Department has identified 15 specific disincentives created by the U.S. Government); provide better information for business; and take a long-term view ("Americans are a people who tend to need instant gratification or success").

U.S. imports of colour television sets from Japan have declined significantly since the two countries concluded an orderly marketing agreement last summer, but imports from Taiwan, Korea and Canada have increased.

The U.S. Commerce Department says the number of sets from Japan dropped 41 per cent to 326,510 in this year's first quarter from 556,934 in the third quarter of last year. At the same time, Taiwan increased its shipments to the U.S. by 41 per cent, the number of sets from Korea jumped 136 per cent and imports from Canada were up 119 per cent. Combined shipments from these three countries, however, are still one-third less than those shipped from Japan, so overall U.S. imports for the period were down 2 per cent.

## Saudi crude oil deal for Sudan

By Alan Darby

KHARTOUM, August 7.

SAUDI ARABIA is to provide Sudan with a year's supply of crude oil financed by a soft loan.

Sudan spends about \$175m a year on oil supplies from Iraq, the previous supplier. Because of Sudan's shortage of foreign currency payments to Iraq have recently been delayed, resulting in Iraq cutting off supplies. In addition to easing Sudan's immediate balance of payments difficulties, a regular supply of crude oil will overcome a problem which has increasingly been causing the Sudanese economy to run down.

Even with a regular supply of crude oil to the refinery at Port Sudan on the Red Sea, Sudan still faces a distribution problem. The 821 km port Sudan-Khartoum pipeline, built a year ago with a 17m Kuwaiti dinar loan, is operating at about 60 per cent capacity because of a problem in one of the pumps.

The past two weeks have seen the worst petrol and aviation fuel crisis Khartoum has known. For several days there were few vehicles on the streets.

The cause of the fuel shortages was a combination of lack of crude; a shut down at the refinery; fueling problems with the pipeline and finally washouts on the railway line in the Red Sea Hills.

## India's long expected textile policy aims to create more jobs

BY K. K. SHARMA

NEW DELHI, August 7.

MR. GEORGE FERNANDES, the Indian Minister for Industry, has announced a new integrated textile policy which will limit further expansion of the Indian textile industry — the largest industrial sector in the country — to small scale operations and handlooms, with the aim of creating new employment.

In terms of the long-awaited policy, no further weaving capacity is to be allowed in cotton mills except that resulting from modernisation.

The public sector National Textile Corporation, which operates 103 nationalised cotton mills, has a key role. It will produce a major share of the "controlled cloth" (meant for poorer sections of the population) which is the maximum limit for the mill sector.

After earmarking the share of production of "controlled cloth" for the Corporation, contracts for production of the remaining quantity will be given to private sector mills on the basis of competitive bids and they will be required to sell it at a price not exceeding the cost at which the Corporation manufactures the cloth.

The policy says that after phasing out mill-made "controlled cloth" subsidies will be available only for handloom and homespun cloth. Handlooms take pride of place overall—in reservation of spindleage capacity for meeting its yarn needs, reservation of items in cotton textiles

and its role in meeting the needs of the poorer sections of the population.

Powerloom capacity is also not to be allowed to increase and legislation is to be passed to give this statutory force. Existing unauthorised powerlooms will be regularised and registered "on payment of a deterrent penalty."

To protect the interests of cotton growers, the policy says production of cotton would be increased through improvements in yields by provision of irrigation and other essential inputs.

The objective is to achieve self-sufficiency in cotton production. The public sector Cotton Corporation of India is to be asked to stabilise prices by operating a buffer stock to be built up from domestic surpluses in comfortable years and through imports to the extent necessary. The

businessmen.

## Request for more control

TAIPEI, August 7.

CITING AN ever-expanding deficit in its textile trade, the U.S. has asked its four major Asian supplying countries to exercise tighter export controls and called on them to allow more imports of U.S. textiles.

Mr. Michael Smith, the chief U.S. negotiator, announced the request after negotiating a compromise agreement with Taiwan adjusting its textile quotas. The likely widening to \$5bn this year

AP-DJ.

Taiwan's large shipments of sweaters.

Besides Taiwan, Mr. Smith said Japan, South Korea and Hong Kong were notified in recent textile talks that they must tighten their export controls. Despite export quotas, he said, textile shipments to the U.S. increased sharply both in quantity and value in the past six months. The U.S. trade deficit in textiles is likely to widen to \$5bn this year.

## Bulova completes Swiss move

NEW YORK, August 7.

BULOVA WATCH is to move its watch movement manufacturing operations from New York City to Switzerland.

Company Chairman Mr. Sol Flick said here that the move is the final step of a programme begun several years ago to concentrate Bulova's watch movement production at its Swiss plant in Biel. He said there would be some savings in labour costs, but the major financial advantage would be gained by having one plant operate at full capacity rather than two at lesser capacities.

The U.S. subsidiary of Brown, Boveri, of Switzerland, has received orders valued at a total of \$100m to supply turbine generators to electric utilities in Tampa, Florida, and in Trinidad, Semipole Electric Cooperative, \$20,000 kilowatt steam turbine generators for a new coal-fired plant. The first unit would begin operation in the spring of 1983 and the second two years later. They will be built by a Brown Boveri affiliate in West Germany.

Meanwhile the Trinidad and Tobago Electricity Commission has ordered four combustion turbine generators with a combined rating of 250,000 kilowatts to be installed in a new generating plant to be completed in 18 months in the Point Lisas industrial area. This equipment will be built in St. Cloud, Minnesota, by a unit of Brown Boveri corporation. Agencies

## Bonn China trade boost

BONN, August 7.

WEST GERMANY'S trade with China and East Europe rose steeply in the first half of this year, according to provisional trade figures published by the Economics Ministry today.

Imports from these countries amounted to DM 5.5bn (\$2.9bn) or 4.8 per cent of West Germany's total imports. West Germany's exports to these countries rose to DM 5.7bn (\$3.1bn) or 4.2 per cent of its total exports to Communist countries.

The report said West German exports to China increased by 97.2 per cent to DM 990m (\$495m) compared with the first six months of 1977. Imports from China rose by 18 per cent.

West Germany's exports to Comecon and from China rose by 11.7 per cent to DM 3.3bn (\$1.65bn).

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## HOME NEWS

## 'Slight hope' for tin mine

FINANCIAL TIMES REPORTER

A REPORT on a survey carried out at the Wheal Jane tin mine in Cornwall, closed by Consolidated Goldfields in May, is likely to hold out only a slight hope that it could be reopened.

The survey was ordered by Cornwall Tin and Mining, which owns the mine, and is being carried out by a team of consultants from Wheal Jane, and some eight miles from Truro. Mount Wellington closed two weeks before work stopped at Wheal Jane.

Cornwall Tin and Mining is the only company now left in discussions with the Industry Department about a possible rescue of Wheal Jane.

The survey report is due in Whitehall on August 31. The manager at Mount Wellington, Mr. Mike Davies, said the eventual decision on whether there would be a reopening of Wheal Jane would be "very marginal."

He said: "If the survey shows that it could be profitable, it is likely to show that it would be as much of a knife-edge situation as that."

There is a firm belief among the MPs and union officials that the Government is prepared to put up at least £4m and possibly more if the survey report indicates any hope of viability for Wheal Jane.

The result of the survey is being scrutinised for the Industry Department by mining experts from Rio Tinto Zinc. A final joint decision by the Cornish subsidiary, Tradax, and the Industry Department whether more money should be poured into Wheal Jane—in which Consolidated Goldfields says it lost £3m—is likely about the third week of September.

## Coal Board worried by cost of plan

By John Lloyd

THE COST of the National Coal Board's plan for coal, which aims to increase production to 170m tonnes by the end of the century, is rapidly increasing.

The annual expenditure required to achieve this target has risen from an estimated £400m in 1976 to an estimated £550m in March, 1978.

Much of the rise—more than 37 per cent in money terms—can be accounted for by inflation. However, there is still a real rise, discounting inflation, of about 12 per cent.

This rising real cost of production is worrying the Coal Board, which is determined to keep costs low to compete with oil. At present, coal and oil burned in power stations are roughly equal in price, and the Central Electricity Generating Board has increased its purchases of oil because of this.

The cost of the coal plan, which forecasts production of 135m tonnes by 1985, was originally estimated at £1.4bn in March 1974 prices. At present prices, the figure stands at £4.3bn.

Mr. Anthony Wedgwood Benn, Energy Secretary, has asked the Coal Board and British Steel to draw up proposals for marketing coal to the corporation's new blast-furnace at Redcar, on Teesside.

Two months ago, in an untypical action, the Iron and Steel Trades Confederation threatened a nationwide strike if plans to close part of the works went ahead.

Mr. Eric Varley, the Industry Secretary, criticised British Steel over its clumsy handling of the affair, and the threat of partial closure was withdrawn for the moment.

Since then, the unions and the management at British Steel have been busy drawing up plans to try to ensure a future for the plant.

Two main lines of thought have emerged: first, that Bilston transforms its seven open hearth furnaces into electric arc furnaces, fed by scrap (which would mean the blast furnace would be closed down); and second, that it becomes a prototype of the relatively unknown "Q-BOP" process.

**Crucial** First faith is pinned on the second (the first route, and it is this that the unions at the plant will be committing to the TUC steel committee at its meeting on August 24 as a plan worthy of its support.

"Q-BOP" is essentially an oxygen-blown process, where a jet of oxygen is blown into a

## Retail sales highest since early 1975

BY DAVID FREUD

RETAIL SALES are rising steadily, if still short of the boom levels of 1973 and 1974.

The Department of Trade said yesterday that the retail index of the volume of retail sales in June was 108.6 (1971=100, seasonally adjusted). This was close to the provisional estimate of 109 and above the May figure of 108.4.

The index is now higher than at any time since the beginning of 1975. In the first half of the year sales were 2.7 per cent above those for the previous six months and 4.3 per cent above those in the same period last year.

The expansion is supported by a continuing rise in sales on hire purchase. In the past three months new instalment credit advanced by finance houses and retailers was 11 per cent up on the previous three months when seasonal factors are taken into account.

In the first six months of the year new credit was 13.5 per cent above the level of the previous six months and 29.2 per cent above the same period in 1977.

Spending on durables showed the strongest recovery, underlining the return of consumer confidence and the marked increase in disposable incomes. In the second quarter sales of durables were 10 per cent higher than in the first three months.

However, this gain was exaggerated because of the erratic rise in March.

On a longer-term comparison, to smooth out the irregularities in the relationship between the tax authorities and the individual, the first six months of the year were 4.7 per cent higher than in the previous six months and 8.5 per cent higher than in the same period of 1977.

## Small Business Bureau seeks better deal for taxpayers

BY DAVID FREUD

THE TORY-BACKED Small Business Bureau launched a Taxpayers Charter yesterday to promote better understanding between the Inland Revenue and the taxpayer.

The bureau says that recent claims of harassment and victimisation indicate a breakdown in the relationship between the tax authorities and the individual.

Mr. David Mitchell, Conservative MP for Basingstoke, and chairman of the bureau, said that the principles of the nine-point charter were in line with official TUC policy.

The specific proposals of the charter, which is written in mock-archaic language, are:

● The taxpayer should have the right of appeal against any reasonable demands and incur no costs upon civil liberties made upon him by the Inland Revenue

to the lay honorary general commission.

● The special commissioners should be seen to act as an independent professional arbiter of tax law free from either side and their findings shall be published.

● The Inland Revenue should make public their interpretation of the law.

● Her Majesty's Officials of Customs and Excise, in like manner to Her Majesty's Inspectors and Collectors of Taxes, should not enter upon the taxpayer's home without a warrant, and the taxpayer should be entitled to inform his legal adviser and to have a police witness upon request.

● Changes in the official interpretation of the tax laws, Press releases and policy statements should be subject to review by a suitably qualified

independent body such as a Standing Committee of the House of Commons.

● The taxpayer should have the right to claim damages from the Revenue where he suffers loss to his business or reputation as a result of maladministration.

● There should be a tax ombudsman to review taxpayers' complaints, determine solutions and state whether there is a case to answer.

● There should be no element of retrospective legislation; and enabling clauses should take effect only from the date of publication of that clause or a declaration of intent to legislate, whichever is the earlier.

● The principle of reciprocity should be applied to UK tax laws. Thus interest on outstanding tax should follow the same rules whether due to or by the taxpayer.

There is evidence to support that Mr. Barton and his wife, Lincroft Gardens, Hounslow, Middlesex, have denied between them a total of five charges.

The relative to the alleged forging of copies of two letters to British Leyland, one purporting to be from Lord Ryder and the other from the Bank of England, and using the forged letters to obtain £25,000 from the Bank of England.

It from the Daily Mail. Mrs. Barton is not charged in relation to the Bank of England letter.

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## HIRE PURCHASE CREDIT AND RETAIL SALES

(Seasonally adjusted)

	New credit extended by		Total debt outstanding (unadjusted)		Retail volume (revised)	
	Finance Houses	Retailers	£m	£m	£m	(1970=100)
1976 1st	340	493	2,349	108.9	117	117
2nd	382	490	2,424	108.9	122	122
3rd	392	521	2,516	107.3	125	125
4th	421	547	2,716	105.9	124	124
1977 1st	457	550	2,792	103.3	116	116
2nd	486	561	2,930	102.5	118	118
3rd	544	605	3,108	104.3	121	121
4th	585	604	3,341	104.4	121	121
1978 1st	626	634	3,507	106.3	125	125
2nd	716	677	3,797	108.0	129	129
January	213	216	3,378	104.9	129	129
February	201	217	3,429	106.8	130	130
March	212	201	3,507	107.0	117	117
April	231	232	3,594	106.7	132	132
May	243	228	3,689	106.4	126	126
June	242	217	3,797	108.6	130	130

Source: Department of Trade

On the same basis there was some recovery in food shops, whose sales were depressed throughout 1977. In the first half of 1978 food sales were about 2.5 per cent above the levels prevailing in both the first and second halves of last year. There was a 1.6 per cent gain in the latest three months.

Clothing and footwear sales have been steady through the first six months of the year; some improvement is expected for July because of the effect of the summer sales.

There was some further improvement on the pick-up in sales in the past six months of 1977, and the first half of 1978 was 1.9 per cent above the levels prevailing then. Sales were 6.8 per cent higher than in the first half of 1977.

New instalment credit advanced by finance houses in June was £243m, compared with £242m in May. In April-June advances were 14 per cent higher than in the previous three months.

New credit advanced by retailers in June was £11m below the May level at £217m. However, advances in the latest three months were 7 per cent above those in the previous quarter.

## Eisteddfod president calls for industry sponsors

By Robin Reeves

THE ROYAL National Eisteddfod of Wales would like to see substantial sponsorship from industry in the years ahead, Sir Alun Talfan Davies, the Eisteddfod president, said in Cardiff yesterday.

Speaking on the first day of Wales' national festival, Sir Alun pointed out that the cost of mounting this year's Eisteddfod would be over £1m—double the cost of four years ago. It was essential that "the national" build up a more solid base of finance.

"My hope is that industry will provide a substantial annual subvention of at least £100,000," Sir Alun said. Up to now industrialists have made welcome contributions to individual eisteddfodau—a record £15,000 was contributed this year—but the organisers are now seeking permanent sponsorship of different aspects of the festival.

Sir Alun thought, in particular, that there was room for a big improvement in cash prizes which are presently nominal sums only.

"The honour of winning is all very well, but choirs, poets, and novelists have to eat," he declared. The prize-winning novelist could get £1,000 for his efforts, and the winner of the television film competition a similar sum.

The bid for greater sponsorship gets under way in earnest today with a special lunch for invited industrialists and trade union representatives, followed by a visit to the highlights of the day's events—the crowning-of-the-bard ceremony.

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## Cost of bread likely to rise by 1p a loaf

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BREAD PRICES in the shops are likely to rise by about 1p a loaf this week following yesterday's cut in the trade discounts by the big bakers.

The move reflects the increased power of the two major baking companies—Associated British Foods and Rank Hovis McDougall—following Spillers' decision earlier this year to pull out of the bread industry.

Both the major bakers remain in the industry yesterday implemented their decision to reduce the discounts given to supermarket chains to a maximum of 2½ per cent. These discounts had risen to as much as 30 per cent since statutory limits were lifted in December 1976 by Mr. Roy Hattersley, Prices Secretary. Due to the current practice of trade discounts in the food industry, the bakers were forced to give these discounts to prevent a loss of volume sales on low-margin bread production.

But with Spillers' decision to pull out of the industry, the remaining bakers felt they were able to cut discounts without losing sales. The largest supermarket chains, however, may be in a sufficiently strong position to negotiate slightly better terms.

The Monopolies Commission is also currently studying prices in the bread industry. It is unlikely to be the same whole question of trade discounts in all supermarkets, as some counts and is expected to report next year.

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## HOME NEWS

## Caledonian seeks to cut domestic off-peak fares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN Airways, which is losing up to £2m a year on its domestic trunk routes between Gatwick and Scotland, is planning a new fare package that will increase peak-hour fares but substantially reduce the cost of off-peak travel.

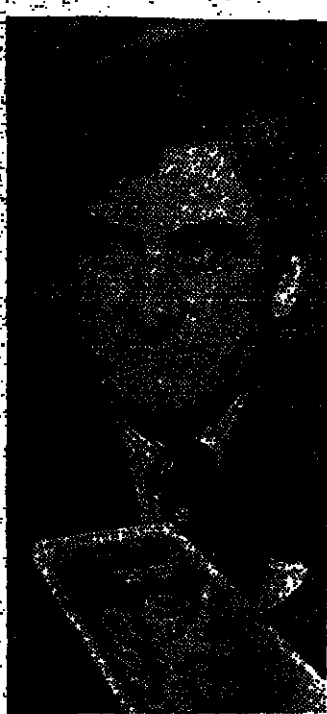
Proposals by the airline to the Civil Aviation Authority involve raising by £2 to £35, normal single fare in peak hours on the routes between Gatwick and Glasgow and Edinburgh. The rise includes the £1 airport security charge which the Government now requires all airlines to pay.

To counter the rise the airline is proposing fare cuts of up to 40 per cent for off-peak travel in the morning and early afternoon, with a single off-peak fare of £21 between Gatwick and Glasgow/Edinburgh. Second-class single rail fare between London and Glasgow is £18.60.

Among other innovations sought for domestic trunk routes is a "once for all" offer over the Christmas holidays, from November 1 to January 14, inclusive of a £1 fare for a child aged 12 or under travelling with an adult.

The airline is doubling the free baggage allowance on domestic routes, to allow every traveller to carry two pieces of baggage instead of the one now allowed.

Passengers travelling with normal hand-baggage, only, mainly businessmen, who account for up to 80 per cent of the domestic trunk traffic, will be able to check-in routes—will be able to check-in and select their seats for both



MR. ALASTAIR PUGH

their outward and return flights at the same time, including delay on the return journey. British Caledonian is the first airline in Europe to introduce this facility.

Giving details of the fare plans yesterday, Mr. Pugh said that the new cheap single fare will apply on the Glasgow route on the Caledonian

route on Tuesdays, Wednesdays and Thursdays; on one flight each way on the Edinburgh route on the same days; and to all flights to both Edinburgh and Glasgow on Saturdays and Sundays.

This means that up to 40 per cent of the seats offered by the airline on its domestic trunk routes will qualify for the new cheap rates, with 60 per cent covered by the dearer peak rate.

The aim is to shift into the quieter off-peak periods those passengers who do not have to travel at peak hours, and thus make more room for business travellers who wish to make out-and-back flights on the same day.

At the same time, the airline hopes to reduce the losses it is incurring on domestic routes.

Mr. Alastair Pugh, managing director, said yesterday: "We cannot keep on seeking increases in normal fares without offering passengers a cheaper way. Equally, we cannot continue to suffer the type of losses we have been facing year after year on the domestic routes."

If the new fare is approved by the aviation authority, we will introduce it on November 1 and offer it throughout the winter. If it proves popular we may extend it into next summer."

In addition to the cheap fares on the Scottish routes, British Caledonian is planning a £15 single winter week-end fare on the route to Manchester. No increase in the normal Manchester fare is proposed, and no changes are planned in the fares to Birmingham or the Channel Isles (Jersey).

## House prices going up more slowly

By John Brennan, Property Correspondent

AFTER A spring price boom, the pace of house price increases has now slowed, according to the latest quarterly bulletin of the Building Societies Association.

The association reports that new house prices nationally rose by 17.9 per cent in the 12 months to the end of May, reaching an average of £16,983. Prices of existing houses rose by 14.7 per cent in the year to an average of £15,328.

However, the rate of price increase has noticeably slowed since the increase in the mortgage rate last month. The association comments: "The acceleration now appears to have passed its peak and the market is settling down again."

The association sees the higher cost of mortgages and a generally lower expectation of real income growth this year as the key factors.

Association members lent a record £6,521bn to 737,000 house buyers in 1977, providing over 70 per cent of house purchase finance.

This year, despite Government restrictions, the societies expect to lend around £8.5bn to 800,000 borrowers. But the association refutes suggestions that the availability of mortgage finance is fuelling a price boom and forcing first-time buyers out of the market.

The national slowdown in prices since the beginning of the year, although very uneven throughout the country and scarcely noticeable in Central London, relieves fears of a price boom.

As around 100,000 building society mortgages are advanced to first-time buyers every quarter, the association also dismisses suggestions that new buyers have been driven from the market.

Housing completions in Britain in the second quarter of the year are 7 per cent lower than in 1977. Department of the Environment house-building figures, published yesterday, show that total completions between April and the end of June totalled 71,400, marginally higher than in the first quarter.

On a seasonally adjusted basis completions fell slightly, from 71,900 in the first three months to 70,600 in the second.

## The re-birth of a legend



John Griffiths discovers how one man resurrected Axminster's industry and made it famous

HARRY DUTFIELD caught the train from his native Worcestershire town of Kidderminster to pick up his new Jaguar car in London. And the unlikely consequence was that Axminster got its carpet industry back.

It was 1936. Dutfield, then 28 and the joint founder of an already thriving carpetmaking company in Kidderminster, struck up a casual conversation with a fellow-traveller, who turned out to be from near Axminster, a small Devon market town just a stone's throw from the border with Somerset.

"How's your carpet business doing, then?" inquired Dutfield.

"It's been dead 100 years... A few days later found Dutfield, fond of the West Country since childhood, scouting around Axminster for a factory site; a few months later Axminster Carpet Company was in business, churning out all the wool carpets woven in the traditional Axminster manner and employing some 30, mainly local, people.

## Backbone

Today, the company is the backbone of the town's employment. At six each morning, the first of a fleet of 14 large trucks pulls out of the factory gates for nationwide deliveries of the 50,000 square metres of carpet now produced each week by some 500 workers.

Production methods have changed considerably since Thomas Whitty, a cloth weaver, first started carpet-weaving in Axminster's Silver Street in 1775. His 20 wooden looms produced carpets which were knotted by hand and which



Simon Dutfield, son of Axminster's managing director, with a Drysdale Cross lamb which are being bred for better wool.

required a week each to make. The modern Axminster factory rattles to the sound of "gripper" looms, equipment first developed in Kidderminster around 1900 and by which the carpets are woven automatically from perforated patterns, the whole assembly looking like nothing so much as a particularly complicated set of music box internals.

Dutfield, however, is no stranger to the kind of problems which confronted Whitty. When about to leave school, he had two main career choices: to follow his mother's wishes and join a bank, or his father's footsteps into Kidderminster's carpet industry. His father, a designer, was struggling unsuccessfully in his attic workshop to find a way of weaving a carpet with a design on each side.

Dutfield offered to find a solution "for 15 bob"—and he did. He then built his own wooden loom and started making small carpets, "selling one a day for 10 bob." Within a few years Harry Dutfield and Quayle, the company he founded with Stephen

Quayle (it is now Quayle Carpets) was thriving.

A notable post-war trend has been the increasing use of artificial fibres, to the extent that by 1972 wool accounted for only 63 per cent of total fibre used in Britain's woven carpets and the figure was down to 50 per cent by last year. It is a trend which might have set Thomas Whitty, rotating rapidly in his grave in the local Congregational churchyard—were it not for the fact that the modern Axminster Carpet Company is bucking the trend and sticking to 100 per cent wool.

With carpet wool now costing carpet manufacturers something like 125-130p a kilo, against 100p a kilo for man-made acrylics, the all-wool Axminster has inevitably been climbing up-market. But with the more recent cheaper-to-produce tufted carpet, composed usually of an 80/20 acrylic-wool mix, suffering nationally from over-production problems, Harry Dutfield is happy with his market niche. Wool, Harry Dutfield admits, is

a personal hobby horse—to the extent that he is now growing his own. At his farm just outside Axminster there are now 700 Drysdale sheep grazing, and it is Dutfield's intention that in the coming years the farms of the South-West will eventually have 400,000 of them to supply the Axminster looms which currently consume some 5m lbs of wool a year.

The Drysdale was a non-existent beast before the early 1960s, when Dutfield went to New Zealand to establish a carpet mill with two other UK manufacturers. He found sheep everywhere, but none to make carpets from; New Zealand's woolies were all unsuitable and the new company had to import all its wool.

However, Dr. F. W. Dry, a sheep scientist formerly of Leeds University, had been working for some time to produce a suitable hairy type. Dutfield's search for a suitable import substitute in New Zealand coincided with Dry at last managing to produce a distinctively long-haired creature with remarkably springy wool.

## Crossbred

Dutfield's New Zealand carpet company involvement ended in 1970, but not his interest in the Drysdale. Thirty Drysdale ewes and two rams were introduced to his farm in 1976. The 700 now on his farm have provided proof that the Drysdale can breed successfully here; now Dutfield's intention is to get them crossed with British domestic breeds such as the Scotch Blackface, Romney and Whiteface Dartmoor to produce what he expects to be the ultimate carpet material.

Farmers, a conservative breed, tend to be sceptical. But Dutfield is negotiating with several and hopes that bigger farmers already running wool sheep will go along. For Axminster itself, the carpet company's arrival has been a boon. A market town with a charter going back to 1210, its pursuits have been largely agricultural and its character has changed little from Whitty's days, when the church bells were rung to celebrate a finished carpet.

Given the current problems of Britain's carpet industry, where its own success in producing innovations such as the high-volume tufted process has given rise to excess output and price-cutting, Axminster is not looking for spectacular growth in its revived industry.

But with an unshaken conviction that the traditional, "natural" materials and the Axminster "weave" will always find plenty of homes, it expects its company, like the product, to be around for a long time.

## Stockbroker expects interest rates to fall for rest of year

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INTEREST RATES should fall during the rest of the financial year according to a bullish new analysis of the prospects of both the gilt-edged and equity markets. City stockbrokers James Capel and Co. argue in a review of profits and the outlook for the financial year published today, that there still appears to be ample institutional cash available for the purchase of equities, both for the purchase of company securities and for short-term bank lending, slowing the recent rebuilding of liquidity.

Institutional purchases of equities will be lower than last year, but the supply side should be restrained by a reduction in capital issues, the review says, to lower interest rates will be

brought forward a few months as bank lending eases and the economy peaks out at the end of third quarter of this year.

Whether this will have a sufficient condition for a rise on the outlook for corporate profits and the outlook for the financial year.

The brokers suggest that the upward pressure on interest rates of recent months should ease as the rate of bank lending slows and the rate of corporate borrowing requirement of £8bn in 1978-79, compared with a Government ceiling of £8.5bn.

Shering M3, the broadly defined money supply, including cash and bank current and seven-day deposit account is projected to grow by 10 per cent in the middle of the official target range, while domestic credit expansion will be just within the 10 per cent limit.

To run the finances of a multi-market business like The Thomson Organisation, a man must be as multi-faceted as his company.

His banker must be the same.



W. Michael Brown, Finance Director, The Thomson Organisation

David A. Moring, Vice-President, Chemical Bank

As Finance Director of The Thomson Organisation, Michael Brown must manage the financial resources and help assure the profitability of a large and rapidly growing group with interests in publishing, travel and petroleum.

Thomson publishes The Times, The Sunday Times, regional newspapers, books, Family Circle in the UK. Living, numerous trade, technical and educational publications in some ten countries around the world, owns Thomson Travel and its subsidiary Britannia Airways. Through an association with the Occidental Consortium, it is involved in the development of oil fields in the North Sea.

So Michael Brown must have

in-depth financial knowledge not only about Thomson's products, but about the countries in which Thomson operates. His Chemical Banker, David Moring, must have the same.

"David's understanding of our business is important," says Brown. "But so are the flexibility and fast response he and his Chemical Bankers come up with."

Working closely with Michael Brown, David Moring and his team have provided T.O.'s publishing interests with multi-purpose, multi-duration credit facilities in six local currencies exactly when required. In a half-hour meeting, they thrashed out an agreement in principle on a medium-term loan for North Sea oil development.

Through Chemco International Leasing, a Chemical Bank subsidiary, they helped Thomson's Britannia Airways lease a Boeing 737-200 in minimum time.

Says Brown, "Chemical Bankers get things done because they don't have to go back to the head office for approval on every decision." Obviously, Michael Brown works with other international banks. But David Moring's personal understanding of The Thomson Organisation and the bank's flexibility are two important reasons their relationship continues to grow. That's what usually happens when financial executives get together with Chemical Bankers.

The difference in money is people. **CHEMICAL BANK**

Chemical Bank House, 100 Strand, London WC2R 1ET Tel: 279 2474 Representative Offices: Scottish Provident House, 1-2 Waterloo Street, Birmingham - Charlotte House, 17 Charlotte Square, Edinburgh - Main office, New York, N.Y. 10038 - Aberdeen, Bahrain, Beirut, Birmingham, Bogota, Brussels, Buenos Aires, Cairo, Caracas, Chennai, London, Manila, Mexico City, Milan, Monaco, Nassau, Paris, Frankfurt, Hong Kong, Houston, Jakarta, Lagos, London, Madrid, Mexico, Miami, Moscow, New Orleans, New York, Panama, Rio de Janeiro, Rome, San Francisco, Sao Paulo, Singapore, Sydney, Taipei, Tehran, Tokyo, Toronto, Vienna, Zurich.



## LEGAL NOTICES

In the HIGH COURT OF JUSTICE,  
Chancery Division Companies Court,  
the Matter of:  
No. 002678 of 1978  
COLLINS TRANSPORT LIMITED  
No. 00273 of 1978  
GILBERT CONSTRUCTION LIMITED  
and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-up of the above-named Companies by the High Court of Justice were, on the 23rd day of July 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Bench House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 9th day of October 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Companies requiring such copy on payment of the regulated charge for the same.

C. F. GLOVE,  
King's Bench House,  
39-41, Mark Lane,  
London EC3R 7HE,  
Solicitor for the Petitioners.

NOTE—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named notice not later than 4 o'clock in the afternoon of the 6th day of October 1978.

No. 002683 of 1978

In the HIGH COURT OF JUSTICE,  
Chancery Division Companies Court,  
the Matter of:  
No. 002683 of 1978  
In the Matter of THE WORLD FINE ART CHAPARRIS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-up of the above-named Companies by the High Court of Justice were, on the 24th day of July 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Bench House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 9th day of October 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Companies requiring such copy on payment of the regulated charge for the same.

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## APPOINTMENTS

## ASTLEY &amp; PEARCE LIMITED

## STERLING DEALER

Have a vacancy for an experienced Sterling Dealer, age 20-25. Salary negotiable.

Usual fringe benefits.

Applications in confidence to  
The Managing Director,  
20, St. Swinith's Lane, London, E.C.4.

## COMPANY ACCOUNTANT

A leading firm of West End Retail Jewellers requires a qualified Accountant with post-qualification, preferably commercial, experience.

The person appointed will report to the Managing Director and will take responsibility for preparation of periodical and annual Accounts, day-to-day control of financial and personnel matters, and will be appointed Company Secretary. The post requires a good personality and carries excellent prospects. Age 25-35, salary £8,000 plus non-contributory Pension Scheme, etc.

Please apply in writing with full career details to H. Lomdin, Sayers Butterworth, 62 Brook Street, London W1 2DB.

## STOCKBROKING

Experienced personal assistant required for the Senior Partner of a leading London firm. Must be fully competent to handle computerised client portfolios and talk to and deal for private and institutional clients. Two or three years stockbroking experience are essential. Candidates will probably be aged 25-30 male or female.

Write giving details of experience and salary expected to:  
Box A.6385, Financial Times, 10, Cannon Street, EC4A 3DF.

## STOCKBROKERS

Interesting opportunity. Additional young Assistant required by Partner in Private Clients Department of large firm. Candidate would be up to Stock Exchange exam level and capable of looking after clients' portfolios without constant supervision.

Write Box A.6433, Financial Times  
10 Cannon Street, EC4A 3DF

## APPOINTMENTS

## WANTED

## FRENCH EXECUTIVE (34)

in charge of Accounting, Contract and Administration in Civil Engineering and heavy construction (USA 1963), CNCF (France 1971), perfectly bilingual in English and French, speaks excellent English, preferably in Paris. Write to:  
Mr. de Galard, 24 quai National  
92000, PUTEAUX, FRANCE

## PERSONAL

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Telephone 01-478238/5713

Telephone Sheffield 661696

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## LABOUR NEWS

## Industrial civil servants seek flexible pay

BY PHILIP BASSETT, LABOUR STAFF

TRADE UNION negotiators for 183,000 industrial civil servants yesterday requested a meeting over pay with the Civil Service Ministers after the Civil Service Department forwarded its third offer under the Government's Stage Three guidelines.

Union leaders on the industrial civil servants' Joint Co-ordinating Committee are hoping for flexibility in application of the 10 per cent limit and for some sort of forward commitment on pay similar to that given to the firemen and the police.

The official side offered to consolidate the £6 Phase One supplement into basic rates of pay, and then increase basic rates by 3 per cent, which would raise basic pay for the lowest grade, 23,460 workers, from £32.50 to £44.69.

Craft and supervisory allowances, payable when craftsmen or supervisory staff take on work not normally done by their grades, would be raised under the offer by 50 per cent. Current allowances are £2, £3, £4 and £6 depending on the nature of the work, supervisory allowances £3.25 for chargehands and £5.50 for foremen.

Some 30,000 low-pay workers would get additional increases of between £1 and £1.50 a week. Official-side negotiators made it clear that the offer, which was withdrawn when the trade union side requested to meet Ministers, represented the furthest the Government could go.

Two weeks ago general secretaries from 11 unions involved in the claim, which is for "substantial increases in pay, plus consolidation and a commitment on comparisons with private industries, met Ministers and obtained an assurance that the 10 per cent policy would not be more rigidly applied to industrial civil servants than to any other comparable group.

Mr. Peter Adam, chairman of the trade union side, said after yesterday's meeting that they believed the 10 per cent limit was in fact being applied more rigidly to the Government's blue-collar workers.

His side would be seeking a meeting with Mr. Denis Healey, Chancellor, and Mr. Albert Booth, Employment Secretary, to try to persuade them to be more flexible within the guidelines. No date for the meeting has yet been set.

Shop stewards representing 6,000 industrial civil servants in London will meet today to discuss industrial action to achieve the national pay claim. Yesterday's talks were held by hundreds of Government workers after shop stewards called a half-day strike.

About 300 drivers employed by the Metropolitan Police held a 24-hour strike yesterday in support of the claim. The Civil Service union which represents about 183,000 workers would be on all other Metropolitan Police industrial staff, including workers who service police vehicles, which would cause serious disruption to police work in the capital.

## Push to decasualise building industry

BY NICK GARNETT, LABOUR STAFF

A CAMPAIGN on the need to decasualise the building industry and on the benefits of public ownership was launched yesterday by the Union of Construction, Allied Trades and Technicians.

The union, the biggest in building with 320,000 members, also told employers that it might impose sanctions on individual companies if an agreement on a register of employers did not prove satisfactory.

The register is seen by the construction unions as an important aid in trying to stabilise employment, promote fair-back pay and improve working conditions and safety.

About 20,000 copies of a new document, Building Britain's Future, the UCAT view, which calls for drastic changes in the way the industry is organised are being issued. Building Britain's Future is the Labour Party document on the industry.

The register is a pamphlet counteracting the anti-nationalisation campaign organised by the National Federation of Building Employers and the Federation of Civil Engineering Contractors also are being sent out.

The Labour Party document proposes nationalisation of parts of the construction industry, a policy broadly supported by the union. Mr. Les Wood, the union's assistant general secretary

yesterday made particular reference in this context to raw materials supply.

The union's document gives firm backing to the Labour Party's support of local authority direct labour departments.

The union made it clear, however, that it believes Building Britain's Future is in places too weak, particularly over the registration of employers and operators.

A broad measure of agreement has been reached between employers and unions for the voluntary register of employers in civil engineering, building, and for the specialist sub-contractors.

Monitor plea  
The union wants the Construction Industry Manpower Board to monitor the voluntary scheme for employers and if, within a year, it is apparent that significant numbers of employers are not registering, it will instruct the Government to impose a statutory register.

Mr. Wood said that the union members not to work for any company which did not register under the voluntary scheme.

The union document describes the employers' Campaign Against Building Industry Nationalisation as "wretchedly distorted and blinkered."

## Leyland toolmen 'forced into new confrontation'

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TOOLMAKERS at BL Cars are being forced into a new confrontation with the company's management, Mr. Roy Fraser, chairman of their unofficial action committee, said last night.

He will lead a delegation today to lobby the executive committee meeting of the Amalgamated Union of Engineering Workers. The unofficial committee is pressing for talks with the executive and management to pursue their demand for improved differentials.

All we are asking for is discussion about our problems and we will soon have exhausted all avenues without success and we are being driven to a new position of confrontation," Mr. Fraser added.

A meeting of 1,700 toolmakers has given the unofficial committee authority to take whatever action it considers necessary.

The main question is whether the toolmakers, who last year struck a crippling four-week strike, can again command such support.

A similar stoppage would place in doubt the company's car section in its present form. The company hopes that pay reforms, now being negotiated with unions, will prevent militant action. Toolmakers would benefit from a proposed new grading structure, but also from moves to raise the lower-paid plants to the level of the highest.

The unofficial committee is considering how a strike already under way by 32 toolmakers at S. U. Fuel Systems, Birmingham, a Leyland components factory, can be used to pursue the wider demands.

A factory is important because it supplies carburettors used throughout BL cars. Mr. Fraser will meet leaders of the men today who are demanding the same pay as other Leyland toolmakers in the Birmingham area.

Stocks of carburettors are high, so it will be some time before the dispute begins to have impact.

## Fitters' 47% pay claim challenges Stage Four

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT faces the first challenge to its Stage Four heating and ventilation guidelines from 18,000 heating engineers, who have submitted a claim for increases in basic rates of pay amounting to 47 per cent for the lowest grades.

Progress of the claim will be closely watched by union representatives of 30,000 plumbers, whose own pay claim is under negotiation. Rises for both groups are usually closely linked.

The 18,000 engineers, who are represented by the National Union of Sheet Metal Workers, are directly governed by a national agreement with the Heating and Ventilating Contractors' Association. Up to 12,000 other heating engineers, in

concern not solely concerned with heating and ventilation, generally have their pay regulated by the terms of the national agreement.

The claim tabled by the sheet metal workers' union is now being studied by the Government's White Paper on pay, Winning the Battle Against Inflation.

The claim calls for rises of 47 per cent in basic pay of fitters from the current £12.25 per hour to £18.00. Fitters make up about 25 per cent of all the workers covered by the graded pay structure of the national agreement.

Current hourly basic rates, excluding bonus payments, are: fitters £12.25, advanced fitters £12.50, chargehands £15.15, foremen £15.75.

Union officials say that many skilled workers have been forced out of the industry by its rates of pay, and feel that it is the only way the drift can be halted.

The heating and ventilation engineers are an important early test of how far the Government's pay policy will stick. Their settlement date is August 3, only days after a pay policy comes into force.

There is unlikely to be a rush to settle. The employers need time to consider the provisions for flexibility under the White Paper, and the unions are keen to a commitment to back any settlement.

## Scottish and Welsh TUCs to re-examine regional aid

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT could come under renewed pressure from the Scottish and Welsh TUCs to re-examine the system of regional incentives to industry.

The two bodies, which are to meet later this week, are particularly unhappy about the substitutes for the regional employment premium—payroll and grants for firms in development areas, which was abolished at the beginning of last year.

Mr. George Wright, general secretary of the Wales TUC, said it was felt that the new measures, introduced after REP was abolished, were not effective enough in reducing unemployment or in attracting new investment from abroad.

He added: "We have been talking about some form of sliding scale, or of topping up, with increased grants for firms in assisted areas who take on more workers than their normal quota."

Mr. Wright also felt there should be forward advances of cash to help small companies with cash flow problems. "If we can come to a common view on this, then, with a general election coming up, may be the time to press that view on the Government."

The meeting will also discuss devolution, especially the referendum to be held in Scotland and Wales. The Welsh TUC is concerned that the 40 per cent levy inserted into the devolution Acts by opponents of the

scheme could prevent an assembly being set up in Cardiff. "We regard it as crucial that we should work out our approach well in advance of the referendum," Mr. Wright said.

"We can save ourselves a lot of money if we pool our ideas and work together. We can also begin to campaign effectively within England to explain to people what we are doing and why we want devolution," he declared.

## Hull dock action relaxed

DOCK GATE operators at Hull relaxed their strike yesterday for the convenience of about 2,000 holidaymakers.

But the operators at the port's King George and Queen Elizabeth Docks were refusing to open the dock gates to cargo ships, so that supervisory staff handled the gates when one of them jammed during their three-day pay parity strike last week.

Rotterdam and Zeebrugge with passengers and cars, were allowed to dock and sail on schedule last night but the gates remained closed to other shipping. A roll-on/roll-off freighter discharged at a nearby quay.

There was no sign of a settlement of the unofficial strike of 300 dock maintenance engineers, also over a demand for pay parity with the dockers, now in its second week.

## DIDIER-WERKE AG

WIESBADEN, GERMANY

(Refractories and Engineering)

The Annual General Meeting of DIDIER-WERKE AG was held in Wiesbaden on June 28th, 1978, and the following are extracts from the speech of the Chairman of the Board of Management, Dr. Martin Bieneck, and from the report presented by the Board.

Dr. Bieneck reviewed the difficult business year 1977 in which the cumulative effect of adverse factors had made it exceptionally difficult to reach the Company's targets. He referred in particular to the steel crisis which was now in its fourth year, an investment climate that remained uncertain, excessive rises in unit wage costs, further shifts in exchange rates and worrying signs of protectionism with growing obstacles to exports. Moreover, 1977 had seen a 50% rise in the tax burden on distributed profits on top of tax unrelated to savings in international terms were at an exceedingly high level.

Against this background DIDIER had been unable to avoid a fall in turnover and results although foreign earnings and exceptional items such as the sale of 40% of the share capital of Didier Engineering GmbH, Essen, to Vöest-Alpine, had materially contributed to the Company's figures. The tax-free portion of this capital gain had been used to strengthen the free reserve.

The dividend proposed of DM 4 per share would be complemented by a bonus of DM 1 from the not tax-free portion, and German shareholders would also benefit from the usual tax credit, bringing their total income to DM 7.81 per share, a return of 15.8%.

Dr. Bieneck stressed that co-operation with West had become even closer. Although the flow of orders to the Plant Division had shrunk, both because of lagging investments and on account of intensified international competition, there was a number of interesting projects which it was hoped would ensure substantial utilisation of capacity.

As far as the refractories business was concerned, a sector that had steadily expanded since the war, efforts were continuing to maintain this trend by diversifying activities. Foreign business had been stepped up, and an increasing proportion of the product range was now made up of high grade products in order to meet changes in international market conditions and to safeguard the largest possible number of jobs.

Referring to the Group's domestic investments designed to take account of economic and technological changes, which had amounted to no more than around DM 16m because economic progress had fallen very far short of the original forecasts, Dr. Bieneck foresaw an increase to around DM 20m for the current year. He also welcomed the fact that in 1977 purchases of shares by DIDIER staff had brought the total of shares held by the Company's labour force to 30,000, or approximately 2% of the total share capital. There was every intention of continuing along these lines.

As for 1978, Dr. Bieneck characterized it as another difficult year, marked as it was by the downward revision of official growth forecasts and wage settlements which in no way allowed for the unchanged problems faced by trade and industry. He went on to say that it was the development of the international steel business in the second half of the year that would determine whether the Company would succeed in maintaining its results at the level of the previous year.

He was optimistic about the long-term future, DIDIER, he said, was determined to secure its share of the upturn expected through the closest possible co-operation between manufacturing plants at home and establishments abroad.

The following are details of the Annual Report:

Review  
Refractories: The general problems faced by this sector of industry also affected the Refractories Division. Orders declined and production dropped by 16%. Investments totalling DM 16m aimed at rationalisation, improvements in quality and the safeguarding of jobs in those plants which were competitive in international markets. Additional investments designed to keep pace with market developments are being tackled during the current year.

Didier Technik: Both the order book and turnover showed a substantial rise and produced a satisfactory result in this Division, mainly because of major orders from abroad involving new application techniques. The current order book at the end of the year promises full employment and further progress during 1978. In the long run, however, employment will only be secured by adequate investments on the part of the Division's customers.

At the Dinow plant both production and sales had to adjust to new changes in the structure of demand. There was intense price competition in a stagnant market, and strenuous sales efforts invol-

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ing high grade newly developed products once again produced encouraging results. Progress is likely to continue through-out the current year.

Personnel  
The DIDIER labour force continued to fall during the year, with the Company itself showing a total of 5,107 at the end of 1977 compared with 5,417 a year earlier and the Group ending the year with a labour force of 6,103 compared with 6,403 the year before.

Prospects  
In the field of refractories, the high quality of DIDIER products and the Company's worldwide service should ensure continued growth during the current year. The first glimmer of hope currently discernible that the steel crisis may have bottomed out encourages hopes of a gradual recovery in the earnings contributed by the free-ly business.

Profit and Dividend  
Profit for the year, including the balance brought forward of DM 74,393.29, amounted to DM 11,018,809.05, after allocation of DM 3,500,000 to the franchise. A total of DM 7,518,809.05 available for distribution.

It is accordingly proposed to distribute a dividend of DM 16m together with a bonus of DM 1 from the not tax-free portion, and to carry forward the remaining balance of DM 75,809.05.

The report, the accounts and the proposals put forward by the Board were adopted.

Supervisory Board (Aufsichtsrat)  
Shareholders' Representatives: Dr. Horst Burgard, Königstein/Taunus, Chairman; Dr. Ing. E. H. Edmüller, Wiesbaden; Deputy Chairman (died 13.4.1977): Heinz Seibach, Hagen; Deputy Chairman: Dr. rer. nat. Helm Gerhardt, Frankfurt; Dr. Soder-Neuenhahn, from 1.1.77: Dr. K. H. Heine, Düsseldorf; Dr. Felix Alexander Prentzel, Bad Homburg v.d.H.; Dr. jur. Wilhelm Winterstein, Munich.

Employees' Representatives: Werner Girke, Göttingen; Kurt Heine, Grünstadt; Siegfried Thannhäuser, Duisburg.

Board of Management (Vorstand)  
Dipl.-Kfm. Dr. jur. Martin Bieneck, Chairman; Dietrich von Knoop; Dipl.-Ing. Ernst Mahler; Hansgeorg Mendel; up to 30.6.1977: Dr.-Ing. Gerhard Reibhardt, from 1.7.1977: Dr.-Ing. Hans Stollenwerk, all in Wiesbaden.

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Share Capital	68.0	68.0	68.0	68.0	68.0	68.0	74.4	74.4	74.4	74.4
Reserves	39.2	39.2	39.7	41.7	41.7	42.5	51.1	54.6	56.1	56.6
Fixed Assets	55.5	61.1	66.1	66.2	62.1	60.1	67.3	72.6	73.3	69.9
Participations	48.5	62.7	66.1	62.9	57.4	52.9	54.9	55.1	59.3	53.7
Net Profit	8.9	9.6	10.0	8.0	6.7	8.2	12.0	12.5	11.1	11.0
Turnover	490	461	447	419	406	402	571	605	598	583
Group Turnover	435	499	519	501	486	496	726	800	783	773

Copies of the full report can be obtained from Scafar Ltd., 2, The Mall, Ealing, London, W5 2PR.











# Baryton Trios

by WILFRID MELLERS

by WILFRID MELLERS

**Albert Hall**  
**European Community**  
**Youth Orchestra**

# Dance Fever by FRANK LIPSIUS

by FRANK LIPSIOUS

# Stockhausen

# Messiaen and Stockhausen

by MAX LOPPERT

ogues and uncertainty in control of one; and though Clifford Benson was an accompanist of sensitivity and nice discretion, he has not been able to give the powerful and boldness of delivery of the true Messianic pianist. Singly, the moments of rapid lyrical and virtuosic passages, such as the "rather than shaped; cumulatively there was a serious want of intensity and fervour."

## Schools Proms

More than 750 young musicians from 5-19 years of age will perform in the 1978 Schools Proms at the Albert Hall on November 27, 28 and 29. They represent some of the outstanding musicians from the National Festival of Music for Youth. Programme details will be announced later.

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Regular First Class Single Fare (Good all year)	\$367.50

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# The Americans' growing pessimism

AMERICANS ARE in a more common sense combine in a sober mood today than perhaps they have ever been. Those Europeans who cannot shake off the habit of patronising their protectors might say that since the experience of Vietnam the U.S. has begun to grow up; some Americans themselves might use the following words to describe their state of mind:

"Outraged... Apprehensive. Resigned. Angry. Frustrated. Turned off. Cynical. Bitter."

The list of adjectives has been taken directly from a report in the Wall Street Journal, which set out the views of a number of opinion pollsters. Most of these are unsurprising: people are more concerned about inflation than anything else; faith in the ability of governments to solve problems has diminished; the feeling that the Soviet Union is becoming relatively stronger is gaining ground.

I have spent a great deal of time in the U.S. this year and would not quarrel with any of this. Every day conversation and an ordinary perception of what goes on around one supports all of it. The important question, however, is, "Is this a craze?" A nation that lays down its hoola hoops in one generation, only to crush the muggers flat in a stampede of jogging through the parks in the next cannot be said to have particularly solid convictions, at least on such minor matters.

Even on more important issues it is almost always a mistake to assume that the opinions that pollsters are recording at any one time are worth while. Yet polls can be valuable when repeated at intervals, particularly when a trend can be discerned. In such circumstances the laws of statistical probability and ordinary

plotting the answer to a Louis Harris question about whether it is expected that prices will rise more rapidly in the future shows a series of ever higher peaks running from 1975 to 1978; no doubt the highest peak yet will be reached later this year. In spite of the continuing high rate of unemployment, the chart recording public concern about the issue shows a steady decline since 1974; worry about inflation shows a concurrent rise since 1975.

This pessimism is matched in other areas. Since last August NBC News has been asking how likely Americans think it is that their country will become involved in a war during the next three years; the trend line is distinctly upwards, running from 35 per cent "likely" in August, 1977 to 51 per cent in March, 1978. Yet another poll, by Opinion Research Corporation of Princeton, suggests that since 1976 Americans have come to believe that the U.S. is militarily weaker than the Soviet Union; again 54 per cent of respondents agree that Russia would not live up to a SALT agreement, while 71 per cent aver that America would.

However, the collection of poll results published in *Public Opinion* takes us still further. It charts the Louis Harris question, "do you tend to feel that the rich get richer and the poor get poorer?" and finds that those answering "yes" have grown from 45 per cent in 1966 to around 70 per cent over the past three or four years. "What you think doesn't count anymore" is up from 37 per cent in 1966 to 61 per cent last year, which squares with other similar indicators of dissatisfaction with government.

The important thing about

such polls, however, is to know how to read them properly. Any politician can take all the above information, add to it the Gallup finding that people prefer "controlling inflation" to a "tax cut" by a ratio of 9 to 1 and draw the conclusion that a policy of wage and price controls would be immensely popular. A Louis Harris report will confirm this, showing more than half those questioned in favour of "controlling inflation" as against a third preferring the alternative of "large pay hike" and the rest not sure.

A 1941 to 1977 Gallup graph indicates that with the exception of the years 1959 to 1969 there has nearly always been a majority in favour of wage and price controls in the U.S., while even during that exceptional decade support was between 40 and 50 per cent. It would seem that the equation in favour of an "incomes policy" for the U.S. is proven. Yet we must be careful to read all the signs.

For example, if a wage control policy is sweetened by accompanying tax cuts that might seem to make assurance of popularity doubly sure. Yet the evidence of the polls is that most people tend to think that everyone else is more likely to benefit from President Carter's 1978 proposed cuts than they are themselves. (Gallup, January, 1978). Wage controls sweetened in such a manner would not work; nor would they if they did not have the long-term effect of reducing the rate of inflation.

In short, by recording the sober mood of the American people, and indicating some of their long-term economic opinions, I am not advocating that policies of the Administration

should be framed in direct response to what it is told by the computers of Messrs. Gallup, Harris and all (or, in the case of President Carter, more likely by Mr. Patrick Caddell, his personal pollster).

Government by poll would, in Britain, mean hanging and fogging. In America in the past it might have confirmed the retention of gun control and the abolition of pornography; curiously enough a CBS poll this year recorded a 61 per cent favourable response to the question whether the sale of handguns should be restricted and 58 per cent in favour of letting adults "buy and read whatever they wish."

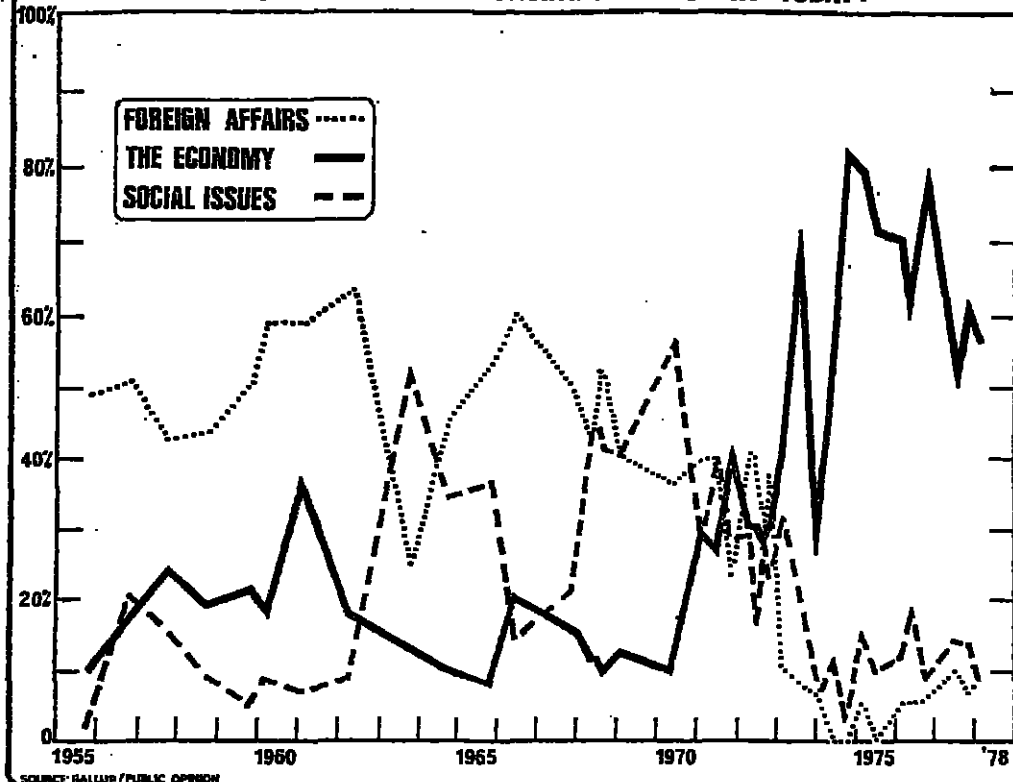
I happen to like what Americans are now saying they prefer on the matter of handguns and reading what they please, but one can hardly argue in favour of such policies on the ground of what the polls say while at the same time opposing popular policies in Britain, such as hanging. Given the choice between government by pressing "yes/no" key attached to 100m TV sets and government by elected representatives, the answer is plain.

Even so, the record of the more sober mood of the America of today, as shown by a great many opinion polls, is of great importance to both the Administration in Washington and the Western allies who rely upon the U.S. for support. To me it indicates that America can no longer be regarded by Britain as a rather woolly-headed musclemann, to be admired for its brute strength, but to be told by the eminently more sensible people in Whitehall just how to behave in the wider world.

Such an opinion may be held by the present Administration, President Carter is now before

## AMERICA'S "MOST IMPORTANT PROBLEM"

QUESTION: WHAT DO YOU THINK IS THE MOST IMPORTANT PROBLEM FACING THE COUNTRY TODAY?



Source: Gallup/Poll/Opinion

but then an adverse view of making his long and steady Elizabeth II in the "most come-back. In retrospect, he is admired women" category. Finally, the most sober of all currently one of the ten men most admired by Americans today are the young ever, according to Gallup—When Gallup asked 13-18 year olds if they thought the world along with Billy Graham. Pope Paul VI and Richard Nixon would be a better place to live (John F. Kennedy never made in 10 years from now, 55 per cent replied, "worse").

Joe Rogaly

## Letters to the Editor

### Scope for the innovators

From the Managing Director, Clapp and Pollock Europe

Sir, Britain has long been pre-occupied with the invention of products... bridges, reactors, aircraft, hovercraft, brain-scanners, etc... reports David Fishlock (July 24, New Hope for the innovators). But we have neglected innovative manufacturing technology... unlike the Japanese.

But manufacturing processes are not the only area of neglect. There are the consumer products in David Fishlock's top five: all were developed for institutional ownership. In consumer goods such as motor cycles, TV sets, radios, cameras, power tools, washing machines, refrigerators, textiles, typewriters... our record of retreat in the face of foreign competition is appalling, unlike the Japanese.

This may be because some of us were brought up to understand and respect engineering rather than we understand and respect people and their everyday needs. Or perhaps the result of government support veering inevitably towards the epic rather than the personal.

Are we to continue to neglect consumer goods? It is to be hoped not. Part of the promise of microprocessors... the apparent opportunity for manufacturers to have a second chance, a new chance to start making the next generation of consumer products. But whether government research can help in this is a matter on which I am not sure.

There is no national prestige in backing the next bedside teamaker... the one that will turn on Radio Two, start running your bath and telephone for the weather forecast, while the kettle boils: whatever the export implications.

And in any case, we now have wrist watches more accurate than Big Ben. Calculators to check our groceries as fast as the check-out girl. Monitor to compute our phone bills. Once we get the hang of personal computers I expect we'll be challenging our water, gas and electricity bills. Through Prestel, and shared access to computer data banks, we'll look more closely at civil service expenditure and the national debt.

Step by step, advancing consumer goods take power from the institutions. Will government research centres be able to assist? Or is this a contradiction in terms.

Richard Copley-Smith, 232, Acton Lane, W4

### Buried by computer

From the Managing Director, Pernell Gloucestershire

Sir, One of the more irritating and futile by-products of the computer age was vividly illustrated by the arrival on my desk this morning of four identical communications from the publishers of an international technical journal with headquarters in Lausanne. Each bore a different difference in the address. All four were promptly assigned to the waste paper basket.

will confirm that this is a regular occurrence. Efforts on the part of my secretary to try to correct these wayward computer-based operators meet with no response.

Are we doomed to be buried in an avalanche of unwanted promotional matter, poured out by the ever-increasing output of giant computers?

J. E. Swainson, Bristol Road, Gloucester

### Transferring pensions

From Mr. R. Lancaster

Sir, I feel that Mr. Hander (July 31) misrepresents your original article in asserting that experts do not like the concept of transferring a lump sum from one pension fund to another. Most experts approve the concept, and most companies make the offer to departing employees who qualify for benefit.

What needs to be clearly stated is that some companies are, in practice, so piggyback over actual amounts offered that the new employer can hardly put themselves out unduly, but the withholding of all (or a large amount) of an employer's contribution ostensibly paid on these employees' behalf reveals a money-grubbing notion of pension as deferred pay.

Roger Lancaster, 34, Napier Court, Rye, Sussex, S26

### Measurement of advertising

From Professor H. Henry

Sir, Dr. Dennis Oliver's findings answers to questions on advertising investment decision and have a finite evaluation is understandable. For while it is true that an economic true, as indicated in Michael's payback period may be calculated. Most insurance manufacturers of the Wood, Brigdale survey, that many advertisers do purchasers on the economic remarkably little to measure the effectiveness of their advertising systematically the cost-effective for specific applications.

Paradoxically some air-conditioned buildings would actually use more energy if better insulated. The reason for this is that the period during which the airconditioning load could be reduced by the lower outside temperature would be shortened by increasing the insulation of the building and as a result the refrigeration machinery would be running for a longer time.

Very few generalisations can be made about buildings and their energy consumptions. Many air-conditioning and heating systems could be improved by better controls or even by the maintenance and readjustment of their existing controls. The most important factor to remember is, as usual, money.

Energy conservation designs often cost more than the simplest scheme capable of meeting a building developer's specification and therefore the prodigality or frugality of a building may be fixed for its life by a "first cost" decision made before the construction.

Sir, While not wishing to agree specifically with "every thing that everybody has said," one cannot fail to recognise the value of the contributions of the Bow Group and the secretary of the Institution of Electrical Engineers (August 4) in the matter of engineers' status.

May I add fuel to the flames by reminding readers of the existence of boards of companies? I dare suggest that the great majority of engineers (salaried) are currently or have been gainfully employed.

Perhaps the body of whom they might have sought advice in this connection is the Institution of Electrical Engineers which, now, it seems, has delicately and skilfully sidestepped the issue in the secretary's remarks, somewhat esoteric and puritanical defence of the prime purpose of that ancient institution.

The continuing recourse to "There's trouble at mill" solution to the problem, coupled with the thought that "professionals" employed by a company of this status have no right to strike might have something to do with the general malaise among men who, perhaps, have far more interest in their task than the monetary reward it offers, even in a period of high inflation and salary erosion of various kinds.

Perhaps the institution which, historically, has done so much to protect and preserve the status of the professional engineer might, in its very ivory tower, be in a better position to continue to do so than the "trade union" style bodies who possess neither the status nor the authority to achieve success.

Geoffrey Brian Colledge, 10, Polina, Ash den Moor 1, 3500 Bonn 1, West Germany.

### Saving energy

From Mr. B. Carter

Sir, On July 20 a letter from J. H. Millar of Monaco suggested that most countries should save energy by avoiding the wasteful consumption of fuel in heating and cooling buildings.

While on one is likely to argue with such an axiomatic statement I cannot agree with Mr. Millar's panacea of double glazing and double thickness of insulation for all.

Insulation materials and glass answers to questions on advertising investment decision and have a finite evaluation is understandable. For while it is true that an economic true, as indicated in Michael's payback period may be calculated. Most insurance manufacturers of the Wood, Brigdale survey, that many advertisers do purchasers on the economic remarkably little to measure the effectiveness of their advertising systematically the cost-effective for specific applications.

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structure is even started. Bryan Carter, 4A Controls, Lea Industrial Estate, Lea Road, Harpenden, Herts.

### Aircraft noise

From Mr. R. Beveridge

Sir, The Department of Trade has commissioned the Civil Aviation Authority's directorate of operational research and analysis to carry out a three year programme of research into the relationship between aircraft noise at night and sleep disturbance, to produce a scientific basis for future decisions on commercial night flight restrictions.

Results from the initial survey show that of the residents living around Heathrow whose sleep is disturbed at night, in a third of instances the cause is aircraft noise (at Hounslow it is half).

According to the Department of Trade (March 1977) consultation document "Night disturbance from aircraft noise at Heathrow and Gatwick," many countries close their commercial airports at night—some such as Australia, Canada, France, Japan, Norway, Switzerland—and Germany (Hamburg, Bremen, Hanover, Munich, Nuremberg, Stuttgart, Frankfurt and Düsseldorf airports).

It will be interesting to hear whether the Department of Trade has ascertained from its opposite numbers in these countries if they decided arbitrarily to close their commercial airports at night, rather than to allow the human right of an undisturbed night's sleep to be continually spilt indiscriminately—or, if they had first carried out similar research programmes, why is it not possible to act in a similar way upon the results of their research now?

R. Beveridge, Haslemere District Aircraft Disturbance Action Group, Little Swanham, Haslemere, Surrey.

### Third world debts

From the Managing Director, Rosehaugh Company

Sir, I read with some annoyance your article on August 1 outlining details of the Government's intention to write off certain debts, including £25m in Sri Lanka. I think it is most unfortunate that the Government did not, before making this gesture, take urgent steps to ensure that the affairs of the sterling companies whose estates in Sri Lanka were nationalised in October 1975 were speedily resolved.

The estates were compulsorily acquired at a fixed figure per cultivated acre but so far the Sri Lankan Government has not accounted for the other assets taken over by it at the time, or given companies any information in regard to how they stand at present. It is most unsatisfactory and particularly so in view of the fact that the Sri Lankan Government makes downward adjustments without affording any reasons therefore or answering any questions in relation to these matters. It is also worth pointing out that Sri Lanka has had the benefit of the plantations during the tea price boom which in itself made the purchase price paid for the estates appear very reasonable to say the least.

Another area where negotiation could have gone hand in hand with the debt write-off is the blocked funds held in Sri Lanka by UK resident companies. For Sri Lanka to receive generous treatment from Britain and give nothing in return is most unfair.

D. A. Taghlight, 53-55, Queen Anne Street, W1.

## Today's Events

GENERAL: Bank of England issues details of UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-July). London clearing banks' monthly statements (mid-July). Mr. Cyrus Vance, US Secretary of State, continues Middle East peace talks in Egypt. French air traffic controllers discuss their grievances with M. Joel Le Theule, Transport Minister. UK Department of Trade officials in Washington meeting on aspects of U.S. legislation on Arab boycott. Mr. Martti Ahtisaari, United Nations special representative for Namibia in Windhoek to work out details of UN settlement proposals for the territory.

Unions representing maintenance workers on strike at UK docks meet British Transport Docks Board. London Philharmonic Orchestra makes statement on future plans. COMPANY RESULTS: Final dividends: Cowan de Groot; Group Investors; Benjamin Priest and Sons. Interim dividends: Aquila Securities; Automotive Products; Davies and Metcalfe; Mercantile Investment Trust; Rentokil Group. COMPANY MEETINGS: Klenz-GZe, Anstey Road, Harlow, Essex, 2.30. Stax, 23, St. Simon, Fosse Way, Leicestershire, 12. Wilkins...

for Violin and Orchestra), and Haydn (Symphony No. 60 in C major). Royal Albert Hall, SW7, 7.30 pm. EXHIBITIONS: National Postal Museum, King Edward Street, EC4, Open 10 am-4.30 pm, Monday to Friday. Museum of London, London Wall, EC2, Open 10 am-6 pm, Tuesday to Saturday; 2 pm-6 pm, Sunday. Royal Academy summer exhibition, Burlington House, Piccadilly, W1 (until August 13). SPORT: Cricket: Lancashire v. New Zealand, Old Trafford; Under-19 (Variations on a theme of Frank Test, England v. West Indies, Worcester; Glamorgan v. Scotland, Glamorgan; Glamorgan v. Scotland, Glamorgan. Show jumping: World premiere of Romanza Dublin meeting.

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# COMPANY NEWS

## Reduced underwriting losses help CU to £64.2m midway

A REDUCTION of £13.6m in underwriting losses and a rise of £7.7m in investment income were two major factors in the pre-tax profit of Commercial Union Assurance Company advancing from £38.2m to £64.2m in the first half of 1978. World-wide premium income in the period at £312.2m showed little change in sterling terms, but the underlying growth rate, allowing for changes in exchange rates was 4 per cent.

The overall underwriting losses for the period amounted to £4.3m against £19.9m last year. The U.S. operations cut the losses to £0.3m from £7.5m and the UK had a profit of £0.5m against a loss of £1.7m, while in Australia there was a deterioration with losses of £1.1m against a previous profit of £0.5m. The directors point out that underwriting results generally had benefited by the operation of the extreme weather provisions, a form of internal catastrophe re-insurance. There had been a net transfer of £4.1m from the provision compared with a transfer to the provision of £1.8m in 1977, the main territories benefiting from this move this year being the UK, U.S. and Australia.

The company reports that underwriting experience in the U.S. generally had continued to be profitable, but the results had been adversely affected by the severe winter and subsequent hail and hail storms. This experience had been felt by the whole industry and had particularly affected the motor and property classes of business.

Losses for the industry as a whole arising from adverse weather amounted to U.S.\$482m against U.S.\$105m in 1977 and 1978 looked like being the worst year for weather losses since 1973. The U.S. had experienced a statutory loss of \$13m; the corresponding basis includes all claims

paid out. The statutory operating ratio for the first six months of 1978 was 100.3 per cent against 104.3 per cent for the corresponding period last year. Adding back the extreme weather provision the operating ratio in the second quarter was 97.1 per cent compared with 97.0 per cent for the first quarter and 97.2 per cent for the whole of 1977.

The group reports a satisfactory position on the UK account for the period. There has been a significant improvement in the liability account reflecting not only lower inflation rates, but the cutback in exposure made in the past two years. The industrial fire account has broken even as has the motor account. There has been no jump in the number of claims this year. In fact there has been a slight fall on the same volume of business.

Underwriting results in Australia deteriorated further due to severe competition and adverse weather conditions. Canada has continued to make a modest profit under the limitations imposed by the Anti-Inflation Board and there has been a small loss of business in Quebec where motor third party bodily injury insurance has been nationalised.

In the Netherlands the underwriting loss shows some improvement as rate increases approved for 1978 begin to have an effect particularly on the motor account. Marine and aviation business continues to suffer intense competition in the London market, but the 1978 underwriting year, when closed at the end of 1978, is expected to produce a profit.

The 12 per cent increase in investment income reflects growth in funds available for investment, including those arising from improved underwriting results, and the higher interest rates available during the second quarter. After allowing for

## Wagon Industrial jumps to £3.8m

WITH A RISE from £1,439,306 to £2,333,559 in second-half profit, Wagon Industrial Holdings ended the March 31, 1978 year at a record £3,738,882 pre-tax, compared with £2,676,689 last time. Turnover improved by £2m to £56.58m.

At midway the directors said they believed the full-year result would reflect a substantial improvement over 1977-77.

The result included interest received of £101,304 (£116,237), but was after interest of £109,996 (£106,704). Tax took £1,583,521 (£1,386,234) and after a £71,979 extraordinary credit last time, attributable profit increased from £1,439,306 to £2,333,559.

Earnings per 25p share are ahead from 14.11p to 18.35p and the dividend total is stepped-up to 7.87p (£5.879p) net, with a final of 4.67p.

The group's business includes storage systems, wagon repairing, plastics hydraulics, office furniture and road signs.

comment

Wagon Industrial has resumed its growth trend after 1976-77's small setback with full year profits showing an increase of 41 per cent. About £0.8m came from the new acquisition Antocks turned in profits growth of nearly a fifth in spite of a small loss situation (now overcome) at Leabank. While the main division, Link 91, achieved across-the-board progress, Wagon managed to push ahead in two other important areas by switching away from its traditional British Rail markets. Oleo (more than a fifth of profits) turned its attention to the German, Austrian and Swedish railway systems and Wagon Repairs concentrated on the private fleets of oil tankers/freight cars, etc. owned mainly by U.S. oil companies, of which there are about 18,000 in the UK. Meanwhile, steel levels have jumped by a third to £3.9m (mainly steel bought at last year's high prices) and this has inevitably increased interest charges. Nevertheless, on the basis of current trading, profits of around £4.5m should be possible this year, which would close 7p higher at a 1978 peak of 140p, giving a p/e of 7.2 while the yield is 8.6 per cent.



Mr. J. O. Hambro, chairman of Hambros... satisfied that provisions made against Norwegian shipping loans are realistic.

## Hambros loan talks near conclusion

AN EARLY and "acceptable" conclusion to the talks between Hambros and the Norwegian Guarantee Institute for Shipping was predicted yesterday by Mr. J. O. Hambro, chairman of the banking group.

Speaking at the annual meeting he told shareholders that the talks, which had been going on for some months, had been interrupted by the Norwegian holiday period, but were now continuing and "we expect that they will fairly shortly be concluded."

Mr. Hambro explained that the talks were with the Norwegian Guarantee Institute of the shipowners - it gives - against borrowings by shipowners. He said that the Institute "has always applied sound and healthy tests to the owners admitted to the scheme."

Mr. Hambro stressed that the provisions against the bank's Norwegian shipping loans, described in the accounts, did not amount to outright write-offs. The position was unlike 1976 when we agreed to a write-off of an after-tax total of £4.5m as part of our agreement with the Institute and the relevant owners.

"The size of the provisions has been determined by reference to the estimated current values of the ships which are the major part of our security for these loans. We are satisfied that the provisions we have made are realistic."

As soon as the talks with the Guarantee Institute are completed, a joint statement will be issued.

the previous year's latter half. Turnover for the year was ahead at £53.3m (£52.07m) and tax took £1,517,231 (£2,444,880), leaving a net profit down from £2,676,689 to £1,719,101.

Earnings per 10p share are shown as 6.3p (7.3p) and the dividend is stepped up to 1.75p (1.53p). None of the £21.7m (£27,078) with a final payment of 0.38p. Also proposed is a three-for-four scrip issue and directors intend to increase the authorised share capital from £14m to £17.5m.

## Reasonable start by Downing

THE CURRENT year's going reasonably well for G. H. Downing and Company, Mr. Douglas H. Downing, the chairman, tells members in his annual statement.

At home there is still little sign of a general improvement in building activity, he says, and slump in steel production continues. However, there is a seasonal increase in demand for facing bricks and directors anticipate at least holding their share of the market. And they are reasonably confident of selling the increased output from their Chesterton works in the next financial year.

Tiles continue to be in demand both at home and abroad, the chairman states, and there are signs of some improvement in demand for refractory products from both plants.

In Holland the market for bricks is very tight, he says, and while stocks are virtually sold, Downing continues to sell bricks from other UK manufacturers to help meet demand.

As reported, on July 3, turnover for the year to 1978 was over £10m from £10.5m to £12.7m but pre-tax profits were down from £1.8m to £1.7m with a second half fall from £1.04m to £0.82m. The dividend is stepped up to 11.41p (10.375p) per share.

## Howard Shuttering downturn

AFTER FALLING from £204,811 to £14,012 in the first half, Howard Shuttering (Holdings) finished the April 30, 1978 year with taxable profits down from £442,915 to £238,382.

At the interim stage the directors said that earnings in the second half should be similar to

## Decision on Sena's future this week

THE FUTURE of the financially troubled Sena Sugar Estates, which manufacturers and sells sugar grown on plantations in Mozambique, could be settled this week at meetings of the company's creditors and of the Board itself.

A delegation from the Banco de Mocimboa, Mozambique's central bank and the company's main creditor, met officials from the Export Credit Guarantee Department in London yesterday. Further meetings were expected today with other creditors which include the U.S. Export-Import Bank, the First National Bank of Chicago and Antony Gibbs and Sons.

The Board, which meets on Thursday, has been considering liquidation for some time. Share dealings were suspended on the Stock Exchange last month. In May the borrowing limit had to be raised from £20m to £40m until the end of this year, having been raised twice in the previous two years, from £10m to £19m and then from £19m to £29m. The latter limit was to have lasted until the end of 1979.

The future of Sena is being regarded as something of a weather-vane for private sector companies in socialist Mozambique. The Maputo Government has so far steered clear of nationalising what is the country's oldest private concern, even though it employs some 12,000 workers in the Sofoa and Zambezi provinces, both of which have been affected by the Rhodesian border closure.

The outcome could also colour future Anglo-Mozambique relations. It is thought that the Banco de Mocimboa has advised the company to prove that City financiers have faith in its investment and its management raising money from UK banks. This has raised the possibility of a tripartite venture between Sena, UK banks and the Banco de Mocimboa.

The company's position has not improved since May, when the severe losses it had suffered were

## Favourable trend at Vinten continuing

BASED ON the present high level of order books, 1978-79 prospects of Vinten Group for its two principal activities of aerial reconnaissance camera and television systems continue to be favourable, says Mr. C. M. Brown, the chairman.

This should result in full utilisation of capacity with the opportunity to again show an improvement in profits, he tells members in his annual statement.

Longer-term prospects for Brown are also encouraging, Mr. Brown adds.

As reported on July 17, pre-tax profits expanded from £591,336 to £1,150,024 for the year to March 31, 1978, on turnover ahead 17 per cent to £14.9m.

Earnings per 30p share rose from 8.41p to 13.18p and the net dividend to date is 1.54p, representing 2.33p (2.09p) gross. A one-for-two scrip issue is also proposed.

In order to reduce the fall in real value of annual dividends paid by the company over the last four years, and to make a start towards dividend growth in line with that of net profit, the directors say they have authorised the payment of a total gross dividend for the year of 4p per share on the present share capital.

In the event that the directors decide to announce a further payment, it will be in the form of a third interim dividend, the chairman points out.

## Johnson-Richards holding UK margins despite competition

ALTHOUGH HE declines to make a forecast, Mr. Alec Done, the chairman of Johnson-Richards Tiles, feels that the year should be one of steady progress.

As a result of laying down additional biscuit-firing capacity in the UK and extending design and development facilities, both at home and overseas, the directors hope to achieve a modest increase in group sales volume in the 1978-79 year.

In the UK, where the bulk of profits are earned, demand is running at a satisfactory level, Mr. Done says, and although competition remains intense, margins are being maintained.

The group expects to spend some £2.7m on capital equipment, primarily on the completion of a new product development centre, the commissioning of additional glaze firing capacity, the increase of flexibility in terms of product lines, and the installation of process and ancillary plant.

Externally, the group has a number of projects for expansion by acquisition under consideration, both in the UK and overseas, the activities of which fell within the group's general experience.

As reported on July 19, the group achieved record pre-tax profits for the March 31, 1978

year of £5.5m against £3.7m on sales of £53.5m compared with £48.3m. Earnings per 25p share are shown as 15p (10.1p) and the dividend is lifted to 1.78p (1.045p).

UK factories were responsible for two-thirds of external sales and three-quarters of pre-tax profits, the chairman says, the improved profit performance being partly due to a modest increase in sales mix allied to careful attention to cost control.

## A A Asphalt expects more rewarding year

ALTHOUGH efforts in looking for alternative investment proved unproductive for Anglo American Asphalt Company in the past year, Mr. Digby Burnell, the chairman, says the company's position is more rewarding in this respect.

As reported on August 1, pre-tax profit slumped from £1,008,307 to £253,339, but delays or cancellations on pipeline projects.

However, the directors are confident that the demand for the company's products will be restored over the next few years.

From turnover of £2,936m (£4,066m), export sales amounted to £2.1m split as to—Europe £280,000, Middle East £510,000, Africa £222,000 and other parts of the world £80,000.

A statement of source and application of funds shows that working capital decreased by £202,653, compared with an increase of £293,913.

At July 7, 1978, W. and J. Glossop held 10.65 per cent of the equity.

## CHI set for further progress

OVERALL, FURTHER progress is looked for in 1978-79, says Mr. Tim Hearley, the chairman of CHI. Industrials in his annual statement, although he adds "it would not be surprising if first-half results were similar, or a little below those earned in the same period last year."

He says the reason for this is that "the split of profits between the group's operating divisions may well be different during the current year."

As reported on July 14, pre-tax profits advanced from £623,443 to £799,351 for the March 31, 1978 year, after exceptional and non-recurring items this time of £108,372. Turnover more than doubled to £12.57m (£6.27m).

A current cost statement shows profit reduced to £51,197, after adjustments of £179,414 for depreciation, £42,304 for cost of sales, offset by £4,276 gearing.

## The English Card Clothing Co. Ltd.

SUMMARY OF RESULTS	1978	1977
	£000's	£000's
Sales	19,094	17,597
Profit before taxation	2,757	2,860
Profit after taxation	1,175	1,379
Earnings per share	18.5p	22.0p
Ordinary dividend per share	2.98p	2.62p

## Maximum dividend Wire and control cables 33% of group sales

Copies of the Report & Accounts can be obtained from the Secretary, Acre Street, Huddersfield.

## United Gas ahead so far

TEMPERING his optimism with a degree of caution, Mr. Hugh Nicholson, chairman of United Gas Industries, tells members in his annual statement that the current year has started satisfactorily and first-quarter results show an advance over the corresponding period.

For the year to April 2, 1978, as reported on July 14, a higher pre-tax profit of £2.04m was achieved compared with £1.44m for the previous 33 weeks.

Mr. Nicholson reports that the meters division had an excellent year, largely because it is developing its export markets and bringing to fruition some of its electro-mechanical products.

The two companies of the domestic appliances division, Robinson Willey and Berry Magcoil, both had a successful year, and in the case of these companies it is probably successful labour relations as much as other factors which have led to the results.

As against last year's results, £400,000 they made a profit in excess of £1,000,000 this year. The cooker business purchased last year is now operating successfully.

In overseas markets, the company has bought a small central heating boiler business which adds further diversity to products, but the basic business still remains gas and electric heating appliances of various types.

The belows company has ex-

## WPM drops to £7.4m

After heavier interest of £1.83m against £1.33m, taxable profits of Wall Paper Manufacturers, a wholly-owned subsidiary of Reed International, dropped from £9.74m for the year to March 31, 1978, to £7.4m, sales were higher at £203.2m compared with £182.94m.

The result was before tax of £3,376 (£7,211), a £42,000 extraordinary credit this time and minorities of £241,000 (£199,000). Dividends abroad £4m (£900,000) leaving retained profits ahead from £62,000 to £62,000.

Pre-tax profits of Walker, Crosswell and Co., another subsidiary of Reed, slumped to £182,504 for the 52 weeks to April 2, 1978, compared with a peak of £1,429,664 for the previous 52 weeks. Turnover amounted to £7.1m against £7.9m.

Interest took £102,552 (£91,811). After tax of £396,513 (£172,681) and an extraordinary debit last year of £2,533,572 there was a turn-round from a £2,533,572 profit to a loss of £244,008.

The company makes thermo-static mixing valves and water heaters.

## Pick-up at Bromsgrove Casting

A second half upsurge from £35,726 to £147,915 reversed the downward trend at Bromsgrove Casting, which produces and lets pre-cast profits for the year to March 31, 1978, ahead from £150,326 to £167,162.

Earnings per 5p share are shown to have risen from 4p to 5p and the total dividend is lifted from 1.99p to 2.2p with a final payment of 1.4p net.

Turnover for the 12 months rose from £2.17m to £2.41m and tax took £25,500 against £26,500.

## Clifford & Snell rises to £195,274

Pre-tax profit of Clifford and Snell, electrical and electronic engineer, reached a record £195,274 for the year to March 31, 1978 against £129,654 last time, after £25,373 at halfway compared with £20,264. Turnover for the full period improved to £1.8m (£1.79m).

Net profit came out at £59,674 (£59,074) after tax of £105,600 against £70,580.

Earnings per 5p share are shown as 1.94p (1.35p) and the dividend payout for the year is lifted to 0.635p (0.5679p) with a net final of 0.3227p.

## Vickers da Costa gets branch status in Tokyo

Vickers da Costa, the London stockbroking concern, has now received the approval which it had sought from the Japanese Finance Ministry for the upgrading of its representative office in Tokyo to the status of a branch.

The branch is expected to open on October 2, the beginning of October being the normal start of the financial year for securities concerns in Japan.

Vickers will be only the third overseas securities company to have a branch in Japan, the others being Merrill Lynch, the largest stockbroking group, and Loeb Rhoades, also of the U.S.

Vickers has obtained the licences it had sought to trade in securities for its own account, to trade in securities as an agent, for the underwriting and distribution of new securities issues, and for the sale of securities as a member of syndicates. But under the Japanese rule of underwriting writing in Japan, Vickers will not act as a lead underwriting manager there.

One type of business in which it is likely to be particularly interested is investment in Japan by British and other overseas funds.

companies continue to feature among the largest holdings, IBM proving the only disappointing investment among the top five.

The classification of investments shows little geographical change from 1977, the swelling towards consumer goods and services being due to the fact that the group's outlook for the world's major economies.

As reported, net revenue for the year ended May 31, 1978 was £251,459 (£458,360), and the dividend 2.6p (2.35p).

## Tex Abrasives chief warns on margins

Although group sales at Tex Abrasives continue to expand, Mr. Lawrence Evelyn-Jones, the chairman, tells members in his annual statement that the group's position is not as strong as it appears.

As known pre-tax profits for the March 31, 1978, year rose from £273,357 to £458,125 on turnover up by 18 per cent to £2.21m. Earnings per share are shown as 13.8p (8.8p) and the dividend is stepped up to 0.3223p (0.2679p).

A statement of source and application of funds shows a decrease on net bank borrowings of £22,088 compared with a £122,406 increase.

However, the chairman says that steps taken by directors to cut costs, while they will help to increase during the current year, he says he can only be hopeful that profits will also increase.

## Technology Investment

Although 1979 may prove to be a difficult year and the scope for increased corporate profits appears limited, the directors of Technology Investment Trust hope to be able to recommend some increase in the dividend.

They feel that the abolition of the surerend rule affecting the sale of foreign currency investments at the beginning of 1978 is of some importance to the company, as it enables changes to be made in purely investment considerations.

With stock markets here and in the U.S. being subject at the present time to considerable economic and political uncertainties it may be necessary to take a more active policy and this will now be possible in overseas markets without penalty.

A list of the company's 20 largest holdings—valued at £13.1m—shows that the share of total valuation—shows that despite modest reductions in the holdings of Racal and of IBM these two

## WORLDWIDE FUND LIMITED

A commodity futures trading fund

Net Asset Value per share as at 31st July 1978: £11.21

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

### CHADDESLEY INVESTMENTS LIMITED

(Incorporated in England in 1960 under the Companies Acts 1948 to 1976—No. 667067)

#### SHARE CAPITAL

Authorised	Issued and to be issued
£2,000,000	
Ordinary Shares of 25p	£926,480
Ordinary Shares of 10p	£342,000

The 3,705,920 issued Ordinary Shares of 25p of Chaddesley Investments Limited have been admitted to the Official List. Particulars of the Company have been circulated by Eitel Statistical Services Limited and may be obtained during usual business hours up to and including 22nd August, 1978 from:—

Rowe & Pitman, Hurst-Brown,  
1st Floor, City-Gate House, 39/45 Finsbury Square,  
London EC2A 1UA



# Commercial Union Assurance Company Limited

The Board announces estimated and unaudited profits for the 6 months to 30th June 1978 at £44.2m (1977 £25.8m) after providing for taxation.

	6 months to 30th June 1978	6 months to 30th June 1977	Year ended 31st Dec 1977
	£m	£m	£m
<b>PREMIUM INCOME</b>	<b>615.2</b>	<b>612.8</b>	<b>1,072.5</b>
Investment income	71.4	62.7	127.7
Life profits	7.3	6.2	14.2
Underwriting result (table below)	(4.3)	(19.9)	(20.9)
Loan interest	(10.2)	(11.8)	(21.2)
<b>PROFIT BEFORE TAX</b>	<b>64.2</b>	<b>38.2</b>	<b>99.8</b>
Taxation and minorities	(24.0)	(12.4)	(32.2)
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>40.2</b>	<b>25.8</b>	<b>67.6</b>
<b>EARNINGS PER SHARE</b>	<b>9.75p</b>	<b>7.72p</b>	<b>19.99p</b>
<b>SHAREHOLDERS' FUNDS</b>	<b>£611m</b>	<b>£481m</b>	<b>£584m</b>
<b>UNDERWRITING RESULT</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
United Kingdom	5.6	(1.7)	(1.7)
United States	(3.1)	(7.8)	(7.8)
Australia	(1.1)	5.9	5.9
Canada	(6.0)	(6.8)	(6.8)
Netherlands	2.2	(4.9)	(4.9)
Remainder	(4.3)	(19.9)	(20.9)

Notes:  
(a) The results for the six months to 30th June 1978 have been restated to reflect the change during the latter period 1978 in the Company's accounting policy for deferred taxation.  
(b) The results of the Company's overseas operations have, as usual, been converted at rates of exchange prevailing at the end of the periods reported above.

World-wide premium income in sterling terms, after allowing for changes in rates of exchange, shows a growth of 4%.

Underwriting results generally have benefited by a net transfer of £4.1m (1977 (£1.9m)) against the extreme weather provision due to heavy weather losses during the first six months of 1978, particularly in the United Kingdom, United States and Australia.

In the United Kingdom there has been a return to underwriting profit with improved experience in most classes of business.

In the United States underwriting experience generally has continued to be profitable, but the 6 months' results on the U.S. statutory basis have been adversely affected by unusually high weather losses arising from the severe winter and subsequent wind and hail storms. These losses, experienced by the whole industry, have particularly affected the motor and property classes. The statutory operating ratio for the first 6 months of 1978 was 100.3% (1977 104.3%) and the deterioration from the 3 months ratio of 98.0% is largely accounted for by the increase in weather losses.

Underwriting results in Australia have deteriorated further due to severe competition and adverse weather conditions. Canada has continued to show a modest profit under the limitations imposed by the Anti-Inflation Board and there has been a number of business in Quebec where motor third party bodily injury insurance has been nationalised.

In the Netherlands the underwriting loss shows some improvement as rate increases approved in 1978 begin to have an effect, particularly on the motor account.

Marine and aviation business continues to suffer intense competition in the London market, but the 1978 underwriting year, when closed at the end of 1978, is expected to produce a profit.

The 12% increase in investment income reflects the growth in funds available for investment, including those arising from improved underwriting results, and the higher interest rates available during the 2nd Quarter. After allowing for changes in rates of exchange, the acquisition of Estates House Investment Trust Limited and the proceeds of the Rights Issue in 1977, the underlying increase in investment income was 10%.

**Dividends**  
The Directors have decided to increase the interim dividend to 2.50p (2.50p) per share with the tax credit of 1.41p (1.23p) per share available to certain shareholders, totals £2.75p (£2.55p) per share, an increase of 10%. The dividend will be paid on 17th November next to ordinary shareholders on the register of members on 19th October and will cost £11.5m (£9.0m).

Following the retrospective reduction in the rate of Advance Corporation Tax, the Directors have also decided to pay an additional dividend in respect of 1977 to restore the 1977 final dividend, with tax credit, to that assumed at the time of declaration. This will be 0.07p per share which, with the tax credit of 0.038p per share, will amount to 0.118p per share. The cost is £0.5m and payment will be made with the interim dividend to all shareholders on the register at 19th October.

The total payment to shareholders on the register at 19th October for 1977/78, 2.50p per share with the tax credit of 1.41p, £2.75p per share, amounts to 4.38p per share, at a total cost of £12.1m.

**Life**  
New life assurance business (world-wide) was as follows:

	6 months to 30th June 1978	6 months to 30th June 1977	Year ended 31st Dec 1977
	£m	£m	£m
New sums assured	1,084.1	916.7	1,599.7
New life and annuity premiums	30.5	25.7	63.8
New annuities per annum	25.4	20.5	75.5

Insure with  
**Commercial Union Assurance**



## MINING NEWS

# Gold tonic for Canada's Giant

BY KENNETH MARSTON, MINING EDITOR

THE IMPACT of higher gold prices on the non-South African producers of the metal is demonstrated in an 80 per cent increase in half-year earnings of Canada's leading gold miner, Giant Yellowknife, which is a member of the Falconbridge group.

Net profits of Giant Yellowknife for the first half of the year have advanced to C\$1.5m (25.8m) or 41 cents per share, compared with C\$1m, or 23 cents per share, in the same period of 1977. The average bullion price received in the latest period was C\$277.51 per ounce compared with C\$148.55 a year ago. The current price is C\$252.

Spending on diamond drilling, both surface and underground, has been substantially increased in an effort to disclose further ore reserves at the property which is at Yellowknife in the Northwest Territories.

Some encouragement is reported in the drilling but the company comments that "it is too early to determine just how significant some of the drill intersections are in terms of additional reserves."

Also doing well is the silver-producing United Keno Hill, another member of the Falconbridge camp. First-half net profits of United Keno Hill have jumped to C\$1.5m from C\$744,000 a year ago thanks to above-average milling grades at the Husky and Keno mines coupled with higher silver prices.

Finally, Canada Mines which produces gold in the Maricopa area

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**  
Interim—Agas Securities, Automotive Products, Davies and Metcalfe, Remond, Flinck—William Cook (Sheffield), Cowan & Co. Great, Grove Investors, Macdonald Investment Trust, Bendin, Priest, Bernard Sunley Investment Trust.

## FUTURE DATES

Barrow Refractory	Aug. 10
Blackwood Hodge	Aug. 15
Carton	Aug. 15
Ford (Marin)	Aug. 9
Lambert Rowatt	Aug. 15
Tiger Gate and National Milling	Aug. 15
Turner and Newall	Sept. 23
Flinck	Aug. 11
Carrington Investments	Aug. 11
W.P. Group	Aug. 10
Mar River Rubber	Aug. 10
Stoddard	Aug. 23
Wholesale Fittings	Aug. 29

of north-western Quebec, reports a profit for the first half of 1978 of C\$2.4m compared with C\$1.5m a year ago.

The company expects a further increase in second-half earnings, anticipating higher bullion prices, a contribution from La Luz coal operations and some improvement in natural gas revenues. During the past half-year La Luz incurred a loss as a result of the U.S. coal strike, but is now operating profitably.

# New flurry of gem hopes Down-Under

THE Rio Tinto-Zinc group's 72.6 per cent-owned Conzinc Riotinto of Australia has created a new focus of interest in the Western Australian diamond search by its application for 32 temporary reserves inland from Carnarvon, reports Don Lipscombe from Perth.

Until now, CRA through the Ashton joint venture which it operates, has been working in the Kimberley area. Although both areas are in tropical Western Australia, the Kimberley and Gascoyne regions are 1,000 miles apart.

By applying for temporary reserves, stipulating only diamonds as the target, CRA has made a sizeable commitment. It must spend on each block a minimum of A\$40,000 a year. Thus CRA is betting A\$1.28m (£287,000) a year on this new area, centred on Kennedy Range and Winning Road.

Although the applications have not yet been gazetted, their appearance on a public plan this week has caused a new flurry of excitement within an industry that already has overtaken its boom as a result of CRA's Kimberley efforts. As geologists devise theories about CRA's exploration rationale, similar areas will certainly be pegged in the present plan.

Already there are three main groupings of small companies active: Carr Boyd Minerals with Hill Minerals, Alkane, and Western Westerns. Queen with Leonard Oil and Magnet Metals. North West Mining with Haoma, recently joint ventured with Spargue and Bamboe Creek.

The Orling group has also been working with Samantha Mines, an unlisted company that has been active for several years. A draft prospectus is before the Affairs Committee in Victoria with the intention of making this the first newly listed company since the popping of the Poseidon bubble, when companies were listed at a three-week run.

Samantha has interests in oil exploration and base metals, but the timing and stakes in both the Kimberley and Gascoyne prospects will make it the first diamond stock. It is proposed that the 20 cent shares will be offered at a considerable premium.

In another familiar symptom of a mining boom, the Perth-based Swan Tyre Corporation has joined the Kimberley diamond hunt. The company was floated in 1968 as

Palgrave Corporation, but after an unsuccessful history, Palgrave became the vehicle for the public listing of the Perth operations of Swan Tyres.

An extraordinary general meeting has been called for August 23 to enable the company to join with Mines Exploration and to contribute A\$50,000 for a half-share in 21 Lennard River mineral claims, about 3 miles from claims held by CRA Exploration.

## ROUND-UP

A loss for the first half of this year of C\$2.92m (£1.34m) is reported by Canada's Falconbridge Nickel which made a profit of a restated C\$228,000 in the same period of 1977. The loss in the latest period, however, is after a C\$2.19m provision for preferred dividends; there was no such requirement a year ago.

America's International Minerals and Chemical has made a net profit for the first six months to June 30 of \$31.7m (£15.5m). This brings the total for the financial year to \$120.1m, or \$6.81 per share, compared with \$108.2m in 1976-77. The past year's sales amounted to \$1.36bn against \$1.28bn.

Trading in shares of Silver Valley Minerals is to be resumed on Australian stock exchanges. The shares have been suspended since last December when the Australia and New Zealand Banking group appointed a receiver at the company's request. Last week it was reported that International Shipholdings of Singapore is interested in acquiring a 23.3 per cent stake in Silver Valley and is putting up funds for an updated feasibility study of the Australian company's Mawson coal prospect in New South Wales.

Canada's Kaiser Resources has finally concluded a two-year agreement with its Japanese customers, and partners to increase the base price for metallurgical coal sold under the company's long-term contract. The new price is C\$59.80 per long ton compared with the previous level of C\$57.22. The new contract amendment is retrospective to April 1, 1978, and provides that no further escalation will be allowed during the two-year period.

## MINING BRIEFS

GEORGE TON—July output: 5,282 tonnes treated produced 35 tonnes Black (16 per cent Sn.) including 22 tonnes low.

KILLISNOCK TON—July output: 22 tonnes (June: 19 tonnes).

## ISSUE NEWS

# Leisure Caravan scrip

Leisure Caravan Parks is proposing to make a scrip issue of 3.48m new ordinary shares of 1p each on a one-for-three basis.

The directors are also recommending an increase in the authorised share capital from £1.2m to £1.75m by the creation of 5.25m additional shares of 10p each.

An extraordinary general meeting, August 29.

**W. E. NORTON**  
(W. E. Norton (Holdings) announces that acceptances have

been received in respect of 1.56m shares (96.84 per cent) of the 1.61m new ordinary shares offered by way of rights on a one-for-five basis at 35p.

## C. T. BOWRING

C. T. Bowring and Co. announces that The Stock Exchange has granted listing of 68,517 ordinary shares of 25p each of the company ranking pari passu in all respects with the existing ordinary shares of the company, being the final part of the consideration for the acquisition of the capital of Schofield (Holdings).

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corr. of payment	Total of year	Total last year
Bromsgrove Castings	1.4	—	1.19	2.2	1.99
Clifford and Steel	0.32	Oct. 2	0.41	0.54	0.57
Commercial Union Int.	2.88	Nov. 17	2.58	—	7.72
Hambroes Trust	1.37	Sept. 20	1.12	2.02	1.92
Howard Shuttering	0.58	Oct. 10	0.78	1.73	1.95
Wagon Industrial	4.68	—	4.38	7.08	6.88

Dividends shown pence per share net except where otherwise stated.  
\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issue. ‡ Supplementary payment for 1977 in respect of change in A.C.T.

**THORN**  
a world of difference  
1928-1978

# Thorn celebrates 50 years Highest ever sales, profits and dividends

The following are extracts from the annual statement to shareholders made by the Chairman, Sir Richard Cave.

## The Year's Trading

In the U.K. we have continued to trade positively to retain and where possible increase market shares and to launch new products. In addition, much attention has been given to capital investment in our factories to improve efficiency and to contain costs of manufacture. As a result, each of our product groups has achieved increased trading profits in the U.K. in the past year and the progress in lighting is deserving of special mention.

## Eurobond Issue

We have for the first time entered the international currency market by an issue of U.S. \$25,000,000 Convertible Guaranteed Bonds through our newly formed Netherlands subsidiary, Thorn International Finance B.V. The funds will be lent to the parent company and used to re-finance part of our non-sterling borrowings and to provide additional working capital for our foreign subsidiaries.

## Dividends

To assist the marketing of the Eurobond issue we have received permission from HM Treasury for a 72% increase in dividend. The Board believes that this increase is justified by the stability of profits over the years and the strength of the reserves of the Company, as the dividend remains covered more than 3.5 times by profit, before extraordinary items.

## Management and Employees

Not only as a matter of duty but also because it is most richly deserved

I wish to thank most sincerely all employees from our most recent recruit right through to my colleagues on the Board for their personal efforts in promoting the success of the Company this year.

## The Future

Growth will follow the increasing level of capital expenditure, this year totalling £131.8 million (U.K. £104.6 million, overseas £27.2 million) together with the detailed investigations that are being undertaken with a view to expanding in the U.S.A. and Europe and for developing a presence in the Far East. Above all, our longer term ambitions require a strong U.K. base. This we already have and will improve upon.

Despite the difficulties I continue to believe that the Company is in good heart and ready to tackle its problems and accept its opportunities and that reasonable results will be achieved in the present financial year.

Summary of Results for	1977/78	1976/77
External Turnover	£1,091.9m	£992.9m
Profits before tax	£110.3m	£101.9m
Ordinary Dividends per 25p share	11.45p	6.6527p
Earnings per share	40.0p	36.1p



Thorn Electrical Industries is a worldwide company with four distinct product groups, television rental and consumer electronics, domestic appliances, lighting, and engineering. It uses many distinguished trade marks including Kenwood, Mazda, Bendix, Ferguson, Ultra, Baird, Tricity, Parkinson Cowan, Benham's, Avo, Goodmans, Main, Moffat, Clarkson, DER. The Company operates over 100 factories and employs over 83,000 people around the globe.

THORN ELECTRICAL INDUSTRIES LIMITED, THORN HOUSE, UPPER SAINT MARTIN'S LANE, LONDON WC2H 9ED

# NatWest Registrars Department

National Westminster Bank Limited has been appointed Registrar of

## M. MOLE & SON LIMITED

All documents for registration and correspondence should in future be sent to:

National Westminster Bank Limited  
Registrars Department  
PO Box No.82  
National Westminster Court  
37 Broad Street  
Bristol BS99 7NH.

Telephone Bristol (STD Code 0272)  
Register enquiries 290711  
Other matters 297144











## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

## Getty and Arco deny Firestone shares fall overpricing charge after earnings warning

BY DAVID LASCELLES

NEW YORK, August 7.

TWO MORE major U.S. oil companies have been accused by the Department of Energy of overcharging their customers in the aftermath of the 1973 Arab oil embargo.

Atlantic Richfield (Arco) and Getty Oil are both alleged to have used improper price bases in order to get round Federal rules and pass on unwarranted price increases to their customers. Both companies have denied the charges.

The Department specifically alleges that Arco and Getty used unauthorised methods to reduce their crude oil costs in May 1973—the base month for pricing purposes—in order to be able to claim a greater increase in costs in the subsequent period and thus raise prices.

According to the Department, the two companies reduced their May 1973 costs retroactively, using a Federal regulation that did not apply. Arco allegedly increased its stated costs by \$9.3m between August 1973 and December 1977, and Getty by \$38.2m between August 1973 and January 1977.

These two accusations bring to 35 the number of charges laid before 13 oil companies since the

Department's special counsel began his investigations in December 1977. The total sum involved is \$1.25bn.

But though some companies have agreed to settlement in respect of the charges, notably Gulf Oil which agreed to pay \$42.2m last month, the majority have contested them, mainly on the grounds that the Department is confusing the applicable regulations.

In its most recent quarterly report, Exxon, the largest U.S. oil company, said it was deliberately omitting any charge against earnings related to the base month for pricing purposes—in order to be able to claim a greater increase in costs in the subsequent period and thus raise prices.

Getty said in a statement that the Department was taking the position that costs in the base period should be determined in one manner and costs in months before 13 oil companies since the

BY JOHN WYLES

NEW YORK, August 7.

FIRESTONE Tire and Rubber Company today acknowledged for the first time that its earnings prospects are being hurt by the controversy and unfavourable publicity surrounding its "500" steel belted radial tyre.

This admission by the company's chairman, Mr. Richard Riley, had an immediate impact on the New York Stock Exchange where Firestone's stock was the most active in morning trading. By lunchtime its price had slipped 1 to 1 1/2. Among other things, investors are worried about the security of the \$1.10 annual dividend, whose existence has up to now given the stock an attractive yield of more than 8 per cent.

Mr. Riley had nothing to say on this matter in an interview with the Dow Jones news service. His prime concern appeared to be to revise his prediction, made in a similar interview at the end

of June, that the company's performance in the fiscal year ending October 31 would approach last year's net earnings of \$110.2m or \$1.92 a share.

Warning that operating earnings for the third quarter ending July 31 "may well be lower than the 39 cents a share earned in the same period last year," Riley saw operating earnings being depressed by three factors for the rest of the fiscal year. He blamed currency devaluation in a number of countries, and unsatisfactory tyre market conditions in Europe for some of the difficulties but dwelt more on the impact of the 500 controversy.

His remarks coincided with the start of hearings in Washington at the Department of Transportation which will determine whether Firestone is forced to recall some 16m of the "500" radial tyres manufactured between 1972 and 1977 and thought to be still in use. "The existence of the con-

## Beatrice completes Tropicana takeover

CHICAGO, August 7.

BEATRICE FOODS said its \$488m acquisition of Tropicana Products has been completed. Consummation of the acquisition had been stalled by a Federal Trade Commission (FTC) effort to block the deal.

Terms of the transaction, announced in March, call for the exchange of each Tropicana share for either \$32 cash or one share of a new Beatrice convertible preference stock with a stated value of \$52.

Earlier the FTC indicated that it intended to continue its administrative case against the two companies.

Tropicana said it will mail cheques for its final dividend equal to 9.1 cents per share to its shareholders in the near future.

## Van der Grinten upgrades forecast for year's profits

BY CHARLES BATCHELOR

AMSTERDAM, August 7.

OCE-VAN DER GRINTEN, the same period of last year. No Dutch reprographic group which comparable figures for the year, acquired the British Oalid large group are available. These figures showed a nine per cent increase in net profit to £1.85m (\$3.5m) on sales of £1.85m (\$3.5m) at £1.85m per cent higher.

The 1977 result, included in Oalid's figures for 11 months of Oalid, which occurred at the end of the year, was £1.85m (\$3.5m) compared with £1.85m (\$3.5m) last time. The benefits of the acquisition of Oalid, which occurred at the end of the year, was £1.85m (\$3.5m) compared with £1.85m (\$3.5m) last time.

## ASEA sees earnings fall after first half setback

BY JOHN WALKER

STOCKHOLM, August 7.

PRE-TAX profit of ASEA, the Swedish heavy electrical engineering and nuclear power group, for the first six months of 1978 dropped to SKr 71m (\$18.8m) on a turnover of SKr 420m (\$102.5m), compared with SKr 202m (\$50.5m) in the same period of 1977.

ASEA states that costs for the first six months of this year rose to SKr 4.0bn compared with SKr 3.7bn in the same period of 1977. It sees likely that the profit for the whole of this year will not reach the 1977 level.

Capacity utilisation in a number of the group's sectors has been somewhat low. However, during the first half of this year orders increased by 30 per cent which includes all divisions except the nuclear energy sector.

Japanese long term prime lending rate, which currently stands at 7.1 per cent is understood to be finer than that for any other borrower so far but is so far undisclosed.

This loan comes at a time when the yen is increasingly being used for medium term credits by borrowers in the industrial and developing world. Yen tranches in otherwise dollar denominated loans are also appearing more frequently.

The interest rate over the appearing more frequently.

The dollar sector was yesterday reported to have been more active than usual for a Monday. Prices tried to continue last week's upward movement in general, but fell back to around Friday's closing levels by the evening.

Sterling bonds continued to improve yesterday and in all but one case are now quoted above yesterday's closing levels.

The prospect for falls in UK interest rates is the main reason for the improvement.

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## New team named at Corco

NEW YORK, August 7.

COMMONWEALTH OIL REFINING (Corco) announced that five have "principal responsibility for oil company executives, including three former Continental Oil Company officials, will join former Corco vice-chairman Mr. C. Howard Hardesty Jr. on Commonwealth's management team.

Among the three former Corco employees is another former vice-chairman of that company, Mr. Willard H. Burnap. He was fired by Corco about 18 months ago in a political pay-off scandal but has denied any wrongdoing.

Since early March, Commonwealth has been operating under the protection of Chapter 11 of the Federal Bankruptcy Act. As previously announced, the reorganisation team will operate as a separate corporation called Commonwealth Reorganization and Execution, with Mr. Hardesty as chairman.

Mr. Burnap, who served with

Mr. Hardesty at Corco, will have "principal responsibility for refined products and petrochemical marketing" on the team, a spokesman said. He will serve as one of four executive vice-presidents. Along with Mr. Burnap, Corco's former corporate vice-president, operations, chemical division, as executive vice-president for production and engineering.

Mr. J. K. Holman, who was Mr. Hardesty's administrative assistant at Corco, and who has been serving as director of Federal Government Affairs for Corco's Consolidated Coal unit, has been appointed a vice-president on the team.

In addition to the Corco officials, the team will include former executives of Gulf Oil Corporation and Exxon are Commonwealth's biggest trade creditors.

AP-DJ

## LMF to merge with Diamond International

NEW YORK, Aug. 7.

MR. William J. Koso, chief executive officer of Diamond International Corporation and Mr. Thomas E. Huggins, chief executive officer of LMF Corporation, jointly announced that they have signed an agreement providing for the merger of LMF into Diamond International.

The agreement provides that LMF shareholders may elect to receive either \$16 in cash or one share of a new class of Diamond convertible preferred stock for each of LMF common. Although no more than 49.9 per cent of LMF's shares can be exchanged for cash holders of about 40 per cent of LMF shares have indicated their intention to take the convertible preferred and not cash.

Each share of the preferred stock to be issued pursuant to the merger will have a dividend rate of \$1.20 per annum will be convertible into 0.24 shares of Diamond common, will have a duration preference of \$16 per share and will be redeemable at Diamond's option after five years.

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## Tyre maker sees setback

NEW HAVEN, August 7.

ARMSTRONG Rubber Company last week announced third quarter profits of \$3.5m, or \$1.94 a share — a 30 per cent decline from the \$5.3m, or \$2.83 a share, earned in the same period last year. For the nine months the company earned \$14.9m, or \$2.83 a share, down 45 per cent from the \$27.7m, or \$5.23 a share, in the comparable period last year.

Sales increased 8 per cent to \$112.9m for the latest quarter, and about 1 per cent to \$285m for the nine months.

Following a major strike in 1976, Armstrong's 1977 year began with inventories depleted, demand high and prices stable. Thus, from October, 1976 through September, 1977, Armstrong's tyre plants were running flat out. The company does not believe such circumstances will be repeated in the near future.

In fiscal 1979 the possibility of another industry strike is seen as threatening in April for most large tyre manufacturers and in July for Armstrong.

Bartering a long strike, which Mr. Stewart believes is unlikely — 1979 should be a "satisfactory year," the company feels. AP-DJ

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## Boeing gain

Boeing has had a strong half-year. Second quarter earnings advanced by 37 per cent, from \$56.4m or \$1.53 a share to \$77.5m or \$1.82 a share. AP-DJ

At the half-year stage, net earnings were \$122.7m or \$2.83 a share, against \$84.5m or \$1.99 a share. Sales rose from \$28m to \$24.8m.

Northern Telecom and its fully owned subsidiary, Northern Telecom Computers, now own approximately 87 per cent of the total equity of Data Corporation following completion of a tender offer that expired last Friday. Northern Telecom announced, reports Reuter from Montreal.



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## KHD expects lower result as first half sales dip

BY JONATHAN CARR

BONN, August 7.

WEST GERMAN engineering-based on a strong increase both in industrial plant at home and abroad. Domestic and increased competitive pressures in the KHD's orders were up by 14 per cent to 1.1bn DM. Orders for the first half of 1978 are expected to be 1.1bn DM, a drop in turnover in the first half of the year, stood at 1.05bn DM. Last year's net profit totalled 4.5bn DM, a 10 per cent increase on 4.1bn DM. The first half of 1978 is expected to be 4.5bn DM, a 10 per cent increase on 4.1bn DM.

The drop in foreign turnover stems mainly from reduced sales in the plant and machinery division, which is expected to be 1.1bn DM, a 10 per cent increase on 1.05bn DM. The problem is due to a drop in turnover in the first half of 1978, which is expected to be 1.1bn DM, a 10 per cent increase on 1.05bn DM. The problem is due to a drop in turnover in the first half of 1978, which is expected to be 1.1bn DM, a 10 per cent increase on 1.05bn DM.

On the other hand, the order sales of KHD products in foreign markets in the first half of 1978 are expected to be 1.1bn DM, a 10 per cent increase on 1.05bn DM. The problem is due to a drop in turnover in the first half of 1978, which is expected to be 1.1bn DM, a 10 per cent increase on 1.05bn DM.

## Hidro Nitro in truce with PUK

BY ROBERT GRAHAM

MADRID, August 7.

A FORM of truce has been agreed in the bitter dispute between the Spanish shareholders in the chemical concern, Hidro Nitro, and the PUK. The PUK, a Spanish company, has a 40 per cent stake in Hidro Nitro, and a group of Spanish shareholders led by the current company chairman, Sr. Juan Miguel Villar Mir, has been able to obtain approval for the Hidro Nitro's 1977 accounts, which had previously been blocked by PUK pending resolution of all outstanding disagreements. Further, all legal actions instituted by both sides have been dropped for the time being.

Disagreements arose in the past year over the interpretation of agreements on third-country sales, over marketing strategy and over the PUK's alleged main complaint of the Spanish shareholders was that PUK was acting unfairly to restrict Hidro Nitro sales, especially at a time when demand for one of Hidro Nitro's main products, ferro-manganese, was depressed. PUK for its part was concerned by Hidro Nitro's investment plans, which it felt were excessive and would lead to a loss of international demand. There was also understood to be conflict of personalities within the management.

At the annual meeting in March there was no agreement on any of the issues of the agenda. Then in April a second annual meeting was called and this ended in a stalemate when Sr. Villar Mir managed to prevent PUK efforts to stop his resignation. Although PUK and its supporters had obtained 51 per cent of the vote, Sr. Villar Mir invoked a virtually unheard of regulation governing relations between Spanish companies and foreign partners. According to this, foreign partners can be prevented from intervening in board nominations.

Thwarted by this manoeuvre, PUK refused to approve the 1977 accounts and a state of open hostility was declared.

However, the two opposing factions finally got together over the weekend to hammer out a temporary truce. They agreed to abide by the decision of the Commerce Ministry as to whether or not Hidro Nitro is a utility. Meanwhile, they approved the accounts for 1977 that showed a 3.17bn turnover and a 1.1bn profit, and decided to freeze all legal actions.

The ball is now firmly in the Government's court. The decision will be watched with considerable interest by foreign investors. A Government decision to accept almost 10 years after PUK's entry into Hidro Nitro, that its 40 per cent stake is against the regulations because it is a utility, will not be well received by the foreign business community.

Until now PUK has continued to state its faith in Hidro Nitro. But if a decision goes against it, the French group could well reconsider its position.

## Rothmans Australia profit up 28%

By James Forth

SYDNEY, August 7.

ROTHMANS of Pall Mall (Australia), the UK-controlled, but locally-listed tobacco and wine group, has raised its dividend, following a 28.2 per cent increase in profit, from A\$4.5m to A\$5.77m (£1.1m) in the year to June 30. It is the third successive improvement since earnings fell to A\$2.7m in 1976. More over, directors are confident of further growth in the current year, barring adverse circumstances which cannot be foreseen.

Group turnover for the year rose 22 per cent, from A\$67m to A\$82m (£17.5m). The main reason for this gain was a growth in the volume of Rothmans' cigarette sales in Australia. The directors said that the company appeared to have gained further ground in the cigarette market, in both Australia and Papua New Guinea. Production was at record levels during the year, to meet demand.

The result was affected by an abnormal stock write-down of A\$1.3m or A\$708,000 net of income tax, in the International Cellars group, relating to bulk red wine stocks. The directors said that the net realisable value of these stocks might be lower than cost, should the state of the red wine market not improve.

The International Cellars group has a substantial loss on its liquor operations for the year, mainly because of the write down and the intense competition prevalent in the wine industry. The activities of the group, it is said, have been restructured and the plant modernised, while alternative marketing and distribution arrangements had been negotiated to meet the situation.

Dividend for the year is raised from 18 cents a share to 20 cents and is covered by earnings of 51 cents compared with 40 cents in the previous year.

## Dalton Bros. plans capital return

By Our Own Correspondent

SYDNEY, August 7.

DALTON BROS. Holdings, fighting to defeat a takeover offer from its major shareholder, W. R. Carpenter, plans a A\$1.93m capital return. The return of 20 cents on each of the 9,550,000 shares, has been realised as a capital profit from Dalton's recent sales of various assets in the food and flour milling industries.

The directors of Dalton also disclosed that the profit for the year to June 30 was now expected to exceed the recent forecast of A\$2m (U.S.\$2.3m) which itself would be an increase of almost 20 per cent on the 1976-77 earnings. The directors added that they expected the company would maintain the same level of earnings in the current year and would continue with the recently established dividend rate of 12 cents—increased from 8 cents a share in 1976-1977.

The information collected by Shell Oil either directly as operator or through participation in other leases will be important in helping it decide the approach the next round of Baltimore Canyon auctions, currently scheduled for next February. Looking further ahead, there is also the prospect of auctions for leases on St. George's Bank, a structure of oil fields off the coast of Massachusetts, which have been held up by objections in the courts.

Generally, Shell Oil shares other oil companies' views about the looming U.S. energy shortage. In its latest National Energy Outlook it says that imports of foreign oil are certain to increase between now and 1990 to 50 per cent of the nation's total supply, despite the slowing in the annual growth in consumption. As in order to maintain the current level of U.S. domestic supply, Shell Oil says, about one half of domestic production in 1990 would need to come from reserves as yet undiscovered.

## Rembrandt in \$22m offer to absorb Oude Meester

BY RICHARD ROLFE

JOHANNESBURG, August 7.

REMBRANDT GROUP, at South African Breweries off the present engaged in mergers within the Rothmans companies, has moved to tidy up its South African interests with an offer for the shares it does not already control in 53 per cent owned Oude Meester, its local liquor arm. With Oude Meester suspended at 43 cents per share, Rembrandt is offering 60 cents cash, and the deal, if successful, will entail the acquisition of about 33m Oude Meester shares for a total cost of R19.8m (\$22.8m).

Oude Meester has been a relatively dull performer with pre-tax profits in its last year to March 31 a fraction up at R18.5m. It paid a 3.5 cents dividend and showed earnings of 13.5 cents a share, so the terms offer an exit yield on dividend of 5.8 per cent and price-earnings of 4.4. If successful, the offer will reduce the only alternative liquor investment to

officially forecast, and reduced profits attributable to minority shareholders, net profits rose from R 20.7m to R 21m. Earnings per share were a shade up at 31 cents and the dividend has been raised 1 cent to 16 cents. The shares, strong performers recently on the market, are 300 cents to yield 8 per cent, which compares with their 1977-78 low of 125 cents.

Protectionist tendencies in the foreign steel markets, allied to reduce demand for the groups vanadium-based products, appear to be the main reasons behind the decline in profitability. Profitability in the second half-year was enhanced by a domestic steel price rise of 9.5 per cent on structural products and 13.5 per cent on plate products. However, this fell short of the 16 per cent price rise requested by the steel industry which operates under price control. Highveld's second half profits were slightly up from the level of the first half, suggesting some improvement in trading.

## Earnings increase at UOB

BY H. F. LEE

SINGAPORE, August 7.

THE UNITED OVERSEAS Bank (UOB) has reported a 28 per cent increase in pre-tax profit to S\$31.72m (S\$12.3m) for the half-year to June, from S\$25.75m in the same period last year. Pre-tax profit at the bank, itself increased by 20 per cent, to S\$18.5m from S\$15.3m. UOB, which is one of Singapore's "Big Four" local banks — gave no reasons for the

## Fraser and Neave

FRASER AND NEAVE plans to reduce its capital by returning the full amount paid up on its 71 per cent cumulative preference shares. The move is being made because, although the preference shares are listed on the Singapore and Kuala Lumpur stock exchanges, they are rarely dealt in, and also because the capital is now in excess of the company's needs. Reuter.

## ISLAMIC TRADE AND FINANCE

## Task force names the areas for study

BY RAMI G. KHOURI

AMMAN, August 7.

THE WEEK-LONG meeting of a task force representing the 41 states of the Islamic Conference operation by Islamic states by because of conditions laid down in which the central banks of the member states will carry out further detailed research to promote the cause of economic integration among the 600m Moslems of the world.

Two general issues attracted most of the attention of the member task force—the facilitation of trade among Islamic states, and the fostering of the flow of private and public capital from the rich to the poor states, particularly towards joint venture industries.

The five research papers that will now be drawn up by, respectively, the central banks of Malaysia, the west African states of Pakistan, Turkey and Jordan, and the Islamic Development Bank, payments; arrangements for trade; the development of extranational capital markets, by promoting joint ventures and improving investment climates through legislation; the smoother exchange of financial information; and the possibility of co-operation by Islamic states by because of conditions laid down in which the central banks of the member states will carry out further detailed research to promote the cause of economic integration among the 600m Moslems of the world.

These studies will be discussed at another task force meeting here in October, before they are presented, with detailed recommendations, to the second annual meeting of Islamic States' central bank governors in Uganda next spring.

Underlying the week's discussions was a clear determination by the combination of oil-rich and poorer Islamic states to break free from their often heavy dependence on the financial institutions and trade patterns of the world's industrialised states. There was no spirit of confrontation such as a year or two ago, but rather an emphatic spirit of self-reliance in relation to the industrialised states of the northern hemisphere.

Discussions took place about the possibilities of Islamic states exchanging labour, capital, food and technology, which is now often obtained from the industrialised states, commonly because of conditions laid down on aid received from the western nations.

But the promotion of trade between Islamic countries was the top concern of the central bankers, who considered the idea of using the Islamic Development Bank as an export-import bank until a trade-financing body could be established by the Moslem world.

There has also been much discussion about the ways of getting around most Islamic states' shortages of foreign exchange to finance trade. One means suggested, and being seriously considered, is the establishment of a multinational clearing mechanism which would oversee trade among Islamic states, and would require individual states to pay only the net balances due at the end of a certain period, instead of hard currency for each transaction.

The representative of the economic affairs department of the Islamic Conference, Dr. Ashraf Zaman, of Bangladesh, suggested that the Islamic world, because of its size and power, could act as a "catalyst" for the rest of the developing world in the quest for a new international economic order.

Dr. Zaman also revealed that plans are going ahead for a whole series of senior level gatherings of Islamic states' officials. In the coming year the Islamic Conference will call meetings to discuss the creation of an Islamic Chamber of Commerce and Industry, and the questions of food and agriculture, industrial co-operation, and communications and tourism.

There is also a likelihood of an Islamic Trade Development Centre being established under the aegis of the Islamic Conference, which would place emphasis on the dissemination of marketing knowledge, as well as the holding of trade fairs. If established, this centre would join the newly established Economic Research and Data Bank in Ankara and the Vocational and Technical Training Centre in Bangladesh, both of which are Islamic Conference officials.

## Shipping line setback in Malaysia

By Wong Sulong

KUALA LUMPUR, August 7. THE DEPRESSED state of the shipping market has caused a sharp fall in profits at the Malaysian International Shipping Corporation, the partly Government-owned national line. Net profits for last year fell to 1.5m Ringgits (U.S.\$50,000) from 1.8m Ringgits the previous year. Mr. Kuok Hock Nien, the chairman, said MISC's biggest loss makers were its seven new bulk carriers which suffered from the depressed freight rates. He said the freight market was still depressed, but hoped the situation would improve in the near future.

Another area of concern is finding work for MISC's five liquefied natural gas (LNG) tankers. The first of the five tankers would be delivered at the end of next year, but the LNG plant in Sarawak would not be ready until 1982.

So far, efforts to hire the tankers out to potential users such as Indonesia, Algeria and the U.S. have proved unsuccessful.

MISC's earnings were also affected by large interest payments, amounting to 34.4m Ringgits. However, early this year, the line refinanced a significant portion of its bank loan of U.S.\$140m which was used for repayment on the LNG tankers. The loans were refinanced at 1 per cent over interbank rates, and replaced an earlier loan carrying a rate of 11 per cent over.

## Wartsila cuts dividend for second year

By Lance Keyworth

HELSINKI, August 7. WARTSILA, the Finnish shipbuilding and engineering company, is again cutting its dividend, after a 1977 drop in earnings which occurred in spite of a boost in revenues from the completion of several major long-term deliveries.

Even so, the company stoically considers the fiscal year to have been satisfactory, and was able to add to its reserves. Turnover moved up by nearly 31 per cent to FIM1,580m, while earnings slipped from FIM1.2m to FIM1m (\$2.6m). The dividend has been reduced to 6 per cent from 7.5 per cent, a further retreat from the 10 per cent level Wartsila has tried to maintain.

The shipbuilding division, which delivered 11 vessels last year, ended 1977 with an order backlog of FIM2,500m, or 30 per cent less than the year before. With shipbuilding normally making up 50-70 per cent of overall sales, the trickle of orders in this sector has been causing Wartsila some concern.

In the industrial division, mainly serving the building trade, the stagnation in construction activity meant that sales advanced by a mere 6 per cent, not enough to offset the 13 per cent inflation rate. Wartsila's other industrial division—engaged in diesel engines, forest machinery, glass and ceramics—suffered a 19 per cent turnover drop due to weak home demand and increased competition.

## Burmeister &amp; Wain chief issues further rebuttal

BY HEARTY EMMETT

COPENHAGEN, August 7.

MR. JAN BONDE NIELSEN, the majority shareholder and managing director of the Burmeister & Wain shipbuilding and industrial group, is rebutting criticisms levelled against him by a liquidator's report submitted to the bankruptcy court in June.

Mr. Bonde Nielsen's affairs are under investigation as a result of the liquidator's report on construction did not succeed. DCK International, a company founded by Mr. Bonde Nielsen in 1976 involving sums which included DKK 78m (\$13.9m) management must have known including DKK 60m in only it could probably not repay. Mr. Bonde Nielsen said some of the at the time the liquidation, loans were made when the company was owned by the late party was in better shape than on the liquidation or were made by Mr. Bonde Nielsen handed over to the company in 1975.

## Brazil tops credit league

BY ROBERT MAUTHNER

PARIS, August 7.

BRAZIL was the largest borrower from international banks with \$13.7bn in the first half of 1978 compared with \$2.66bn in the first half of 1977, followed by Venezuela with \$1.39bn against the \$1.65bn, Canada with \$1.27bn against \$0.54bn, and Indonesia with \$1.09bn against \$0.90m.

A supplement to the latest issue of Financial Market Trends, published in June, shows that medium-term Eurocredits to Brazil totalled \$1.76bn during the first six months of this year, compared with \$2.55bn for the whole of last year. UK borrowings amounted to \$1.51bn in the first reports from Zurich. Coupon will half of this year against \$2.30bn, be 31 per cent and the loan will be priced at 99.

## OFFSHORE OIL SEARCH

## Shell Oil cool on Baltimore Canyon

BY DAVID LASCELLES IN NEW YORK

WHILE MANY U.S. oil companies have joined the quest for offshore oil off Britain's shores, a familiar name is also busy looking for oil off the U.S. coast.

Shell Oil, a 70 per cent owned affiliate of Royal Dutch Shell (though a U.S. company in its own right), is among the major U.S. oil companies currently searching in the latest offshore search area, the Baltimore Canyon in the Atlantic off the New Jersey coast. It made news—albeit of a doubtful kind—a few weeks ago by being the second company to announce a dry hole there, and it has since moved its rig to another of the blocks where it has an interest.

However, Shell Oil is far from being a newcomer to U.S. offshore work. It has had a stake in most major search areas for the last 30 years, and it is now the largest producer in the Gulf of Mexico. With revenues at just over \$100m last year, it ranks eighth among the U.S. oil majors.

Offshore operations represent about 40 per cent of our business, said Mr. Charles Blackburn, the executive vice president for exploration and production at the company's 50-story headquarters in Houston, Texas. Mr. Blackburn, joined in Oklahoma, originally trained the company in 1922 as an exploitation engineer, and moved back to obtain 25,000 barrels of where Shell Oil's interest is 62 per cent. This lease lies somewhat closer to the one where oil was first produced in 1960. In 1976, Shell Oil bought a Texaco recently found traces of oil in the Gulf from its further interest in the hydrocarbon.

Shell Oil, however, seems to share the industry's doubts that the Baltimore Canyon will yield a major find. Mr. Blackburn pointed out that bids for leases there had totalled \$1.1bn, only half the \$2bn or so bid at the last Gulf auction. The company's geologists also believe that if the structure does turn out to be productive, it will be in natural gas rather than oil. Lead times would be three to four years from the time of discovery.

The information collected by Shell Oil either directly as operator or through participation in other leases will be important in helping it decide the approach the next round of Baltimore Canyon auctions, currently scheduled for next February. Looking further ahead, there is also the prospect of auctions for leases on St. George's Bank, a structure of oil fields off the coast of Massachusetts, which have been held up by objections in the courts.

Generally, Shell Oil shares other oil companies' views about the looming U.S. energy shortage. In its latest National Energy Outlook it says that imports of foreign oil are certain to increase between now and 1990 to 50 per cent of the nation's total supply, despite the slowing in the annual growth in consumption. As in order to maintain the current level of U.S. domestic supply, Shell Oil says, about one half of domestic production in 1990 would need to come from reserves as yet undiscovered.

## Kreditanstalt für Wiederaufbau

Frankfurt am Main

## Highlights from the Balance Sheet as at December 31, 1977

Assets	DM million	Liabilities	DM million
Cash Reserves and Balances with Banks	1,064	Banking Liabilities	17,845
Securities	261	Bonds	2,790
Loans	20,527	Provisions	82
Participations	181	Capital	1,000
Real estates and buildings	20	Reserves	1,081
Unpaid Capital	850	Loans on a trust basis	16,998
Loans on a trust basis	16,998	Other Liabilities	516
Other Assets	411		
Total Assets	40,312	Total Liabilities	40,312

We shall be pleased to send you on request a copy of the Annual Report for 1977 together with a summary of Kreditanstalt's activities.

Palmengartenstrasse 5-9, D-6000 Frankfurt am Main 1, Tel.: 611/74311, Telex: 411352



# Wall St. edges ahead in active early trade

## Indices

**NEW YORK**—DOW JONES

**INVESTMENT DOLLAR**  
**PREMIUM**  
\$2.50 to \$1—99½% (99½%)  
Effective \$1.9315—94% (47½%)

**FOLLOWING** LAST week's marked advance, the Wall Street stock market moved moderately higher yesterday morning in further active trading.

The Dow Jones Industrial Average, up 32 points over the past week, recorded a fresh improvement of 3.20 at 891.63 at 1 p.m. The NYSE All Common

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Closing prices and market reports were not available for this edition.

Beech Aircraft were up \$1 to \$30. Beech said that it has reached agreement on a new three-year contract with the International Association of Machinists and Aerospace Workers.

Interco shed \$1 to \$44 and, over the counter, Fingerhut advanced \$1 to \$14; bid—Interco has agreed to acquire Fingerhut for \$12 per share in cash or for Preferred.

Overnite Transportation rose \$2 to \$25½—company workers have voted to reject a Teamsters Union organization attempt. Tropicana Products gained \$1.

Genie Electric was up \$1 following the completion of the merger between the two com-

and Vancouver stock exchanges were closed for a civic holiday. Industrials were fractionally lower on index, but all other major indices improved. The S&P 500 Composite index was 11.17 firmer at 206.60 at noon, while the Dow Jones Industrial Average was 1.17 firmer at 255.75. Banks 2.31 to 238.12 and Paper 2.31 to 130.91.

Transcanada Pipe gained 1/2 to 29.19 trading in Transcanada. The market was heavy last week on takeover rumours, but the company said it has not had any discussions with parties interested in acquiring control.

Canadian Marconi put on 3 to 29.19 to 130.91. A. C. C. 29.19 to 130.91. The Star 29.19 to 130.91.

dollar recovery in Tokyo, but most closed lower on balance after buying subsided. Sony rose Y10 to Y1570, Matsushita Electric Y8 to Y730, Canon Y4 to Y440 and Honda Motor Y2 to Y343.

Some Public Works issues and Populars firmed initially, but the rise failed to gather momentum while recently-selected Chemicals, Textiles, Foods and Machines retreated in the absence of fresh market factors.

Pharmaceuticals, however, continued to advance, with Daiyama Y1570 to Y1600 closing the day's limit of Y200 up at Y1,390.

Others resisting the downturn included Ito-Yokado, Y100 up a

Bremen businessman has sold his holding in the company, but there was no immediate comment from the company.

KRD, which reported lower first-half turnover, lost 4.20 to DM 129.30.

BNW declined DM 2.50, MAI, DM 3 and Neckermann DM 2, but Siemens, on its good results for the first nine months, advanced 1.80 to DM 290.50.

Deutsche Bank were quoted at DM 190, while the new subscription rights priced at DM 7.90.

In the Bonds sector, Public Authority issues were up to 3 pfennigs weaker. The Bundesbank purchased DM 4.40 notations of the 1982-83 10% and 1985-90 12% issues.

News needed 10 cents to AS2.25.  
Among Banks, ANZ improved  
3 cents to AS3.18 and BNS Wals  
4 cents to AS2.28.  
In the Mining sector, CRA  
5 cents further to AS2.96 for  
two-day advance of 18 cents of  
speculation about its diamond  
venture, while Northern Miner  
were 3 cents harder at AS1.48.  
BH South gained 4 cents  
AS1.30 and Bamboo Creek Gas  
5 cents to 30 cents, but Western  
Mining came back 2 cents  
AS1.57. Uranium were modest  
firmer, while elsewhere, Austral  
lian Oil and Gas put on 4 cents  
65 cents.

	1	2	3	4	5
Industrial	888.43	895.87	885.48	898.71	
Stone & Sand	88.28	88.74	87.97	87.30	
Transport	248.58	248.78	248.79	241.48	
Utilities	108.18	107.85	107.34	108.94	
Trading vol. 000'st	57,876	65,578	47,470	56,418	
* Basis of index changed from August					
Ind. div. yield %	July '88 6.47				

	July 21	July 16	(Year ago approx.)
Sales	5.84	5.96	- 5.01

Index was 20 cents firmer at \$28.34 while gaining outnumbered declines by better than a seven-to-five margin. Trading volume amounted to 23.12m shares, but fell short of last Friday's 31.m figure.

Analysts said the overall tone of the market remains firm and a fair amount of money still remains on the sidelines to be invested. They note that investors have been encouraged recently by a feeling that interest rates are peaking.

Rancho gained 1¢ to \$24½. Motorola \$1 to \$33½. Heath Techna \$1 to \$22½. Boeing \$1 to \$74½. Deere \$1 to \$33½. Ford \$1 to \$29½. Flexi-van \$1 to \$24 and Murphy Oil \$1 to \$42.

PRICES ALSO pointed higher on the American SE, the Amex index including more than 1300 shares. Turnover came to 2.80m shares at 1 pm, against last Friday's comparable amount of 2.58m.

New Hampshire Ball Bearing rose 11 to \$21½ — the company's earnings sharply higher fiscal 1978 earnings.

Core Laboratories advanced 1½ to \$40.

### Canada

Shares on the Montreal Stock Exchange recorded further gains in moderate early dealings yesterday, yielding to Wall Street's positive lead in the absence of the Toronto market. The Toronto

Consumers Gas, CS191. Canadian Imperial Bank, CS281. Steele "A," CS261; and Steinbergs, CS201.

## Tokyo

Share prices on closed trading were generally lower than pre-market's recent rising trend. The Nikkei-Dow Jones Average declined 34.06 to 3,557.95 and the Tokyo SEI index retraced 123 to 4208.57. Turnover was a moderate 2220. Shares, compared with 1400 on Friday, were traded half-day. Export and last Friday's 2800. Motors and Cameras showed early gains in response to a partial

At Y608, Akaishi Gas Kogyo, Y608  
 firm at Y628, and Chugan  
 Pharmaceutical, Y55 harder at  
 Y380.

However, Kyushu Electric  
 receded Y60 to Y1,310, K. Hattori  
 Y50 to Y1,280, Orient Leasing, Y50  
 to Y1,100, Shikoku Electric Power  
 Y30 to Y1,090, Clarion Y28 to  
 Y41, Tokai Bridge Works  
 Y25 to Y975 and Ezaki Glico Y25  
 to Y720.

## Germany

Stocks were inclined to drift  
 lower on lack of fresh buying  
 interest.

Schering fell 7 to DM262 on  
 unconfirmed rumours that

## Paris

Despite a cut in the Call Money rate to 7½ from 7½ per cent, Bourse prices tended to lose more of their recently gained ground, with activity at a low ebb.

Food, Motors, Electrical Metals and Oils led the market decline, while Banks, Engineering, Department Stores and Chemicals were irregular.

Peugeot-Citroen retreated 13 to FFf 476.0, failing to be helped by a better first-half 1973 portfolio revenue.

Csinor, which announced last Friday higher first-half sales, shed 60 centimes to FFf 24.50.

**Johannesburg**  
Gold shares generally improved although trading volume was fairly light.  
Mining Financials followed the firm trend of gold producers, but Diamond issue De Beers slipped to R7.05 before closing unaltered on balance at R7.10. There was little demand for other Metal and Mineral sectors.  
Trading in the Industrial market was subdued, although stocks showed a hardening tendency.

	Aug. 4	Aug. 5	Aug. 2	Aug. 1
Ind. cow. yield %	114.96	114.51	115.99	111.51
Ind. Dry Heifer	105.52	105.51	102.52	102.96
Long Cow. Bond yield				2.45

**N.Y.S.R. ALL COMMON**

1976			
Aug. 4	Aug. 5	Aug. 1	High
50.00	50.00	50.00	50.00

July 21		July 22		1975		Stone County	
High	Low	High	Low	High	Low	High	Low
117.13	116.87	114.65	114.55	114.54	114.54	114.54	114.54
106.66	106.56	106.82	106.82	106.82	106.82	106.82	106.82
		106.82	106.82	106.82	106.82	106.82	106.82
July 26		July 19		Year Average			
4.95	4.98			4.92			
9.40	9.30			10.00			
8.66	8.64			7.97			

Rises and Falls		Aug. 4		Aug. 3		Aug. 2	
Issues traded	1,932	3,945	1,932	3,945	1,932	3,945	1,932
Rises	667	1,003	667	1,003	667	1,003	667
Falls	667	822	667	822	667	822	667

Stock	Aug. 4	Aug. 3	Comment
Abdell Enterprises	59	59 1/2	CRIT. TAT.
Addressograph	27 1/2	27	Crate
Aerma Life & Cas.	42 1/4	41 1/2	Crate
Air Products	5 1/8	5 1/8	Cumulative
Allyl Chemical	21 1/2	21 1/2	Unitize
Alcoa	48 1/2	48 1/2	Dance
Alcoa, Landfill	18 1/2	18 1/2	Direct Inv.
Alcoa, Lumber	18 1/2	18 1/2	Direct Inv.
Alchol Chemical	35 1/4	35 1/4	Direct Inv.
Alloy Steel	35 1/2	35 1/2	Delinquency
Altex Chemicals	56 1/2	56 1/2	Delinquency
A.M.A.	38 1/4	38 1/4	Delinquency
American News	28 1/2	27 1/2	Dummo
Amer. Airlines	17 1/2	17 1/2	Delinquency
Amer. Can.	80 1/2	80 1/2	Delinquency
Amer. Broadst.	57 1/2	57 1/2	Disney

	Aug.	Aug. 5	Stock
Mass...	6114	6118	Johna Maxwell.
Utah...	6024	6028	Johnson Johnson
...	2936	2912	Johnson Control
at...	2818	2856	Joy Manufacturer's
...	3544	3578	S. Mac Corp.
Kings...	3914	39	Kaiser Aluminum
right...	1678	1618	Kaiser Industries
...	30	2814	Kent Stock
sties...	47	474	Kennett
...	3576	3578	Kerr
...	3758	5136	Kimble Ware
...	1212	1278	Kimberly Clark
...	16	2318	Kings
...	16	16	Kings
...	2558	2618	Kriger C.
...	1814	178	Lawson's Trans.
...	4414	4418	Layton
...	4414	4418	Lobby U. P.

Aug. 4	Aug. 3	Stock	Aug. 4
32	31 1/2	Verilon.....	54 1/2
85	84 1/2	Reynolds Metals.....	54 1/2
27 1/2	27 1/2	Reynolds R. J.....	58 1/2
38	37 1/2	Richman Merrill.....	37 1/2
39	39	Rockwell Inter.....	36 1/2
35	35 1/2	Rohm & Haas.....	35 1/2
21	21 1/2	Royal Dutch.....	61 1/2
28	28 1/2	RTS.....	17 1/2
12 1/2	12 1/2	Wells Fargo.....	24 1/2
22 1/2	22 1/2	Wells Fargo.....	24 1/2
39	39	Wells Fargo.....	24 1/2
36 1/2	36 1/2	Wells Fargo.....	24 1/2
46 1/2	46 1/2	Wells Fargo.....	24 1/2
22 1/2	22 1/2	Wells Fargo.....	24 1/2
36 1/2	36 1/2	Wells Fargo.....	24 1/2
37	37 1/2	Wells Fargo.....	24 1/2
37	37 1/2	Wells Fargo.....	24 1/2
26 1/2	27	Wells Fargo.....	24 1/2

Aug. 3	Stock	Aug. 4	Aug. 5
545 1/2	Worworth.....	201 1/2	20 3/4
33 1/2	Wyer.....	4 1/2	4
59 1/2	Xerox.....	61	16 1/2
71 1/2	Yale.....	18	17 1/2
35 1/2	Zenith Radio.....	17	60 1/2
61 1/2	U.S. Treas. 4 1/2%.....	134 1/2	199 1/2
14 1/2	U.S. Treas. 5 1/2%.....	20 1/2	18 1/2
31 1/2	U.S. 90 day bills.....	6.77 1/2	6.77 1/2
<b>CANADA</b>			
41 1/2	Abitibi Paper.....	14 1/2	15
73 1/2	Alcan Electric.....	5 1/2	5 1/2
35 1/2	Alcan's Lumber.....	36 1/2	35 1/2
14 1/2	Argente Sheet.....	18 1/2	18 1/2
14 1/2	Asbestos.....	140	140 1/2
9 1/2	Bank of Montreal.....	25 1/2	22 1/2

SFS, Carrefour 22 to FFR 1,720.  
Borel 29 to FFR 131.0 and Mo-  
Hennesty 11 to FFR 569.  
Compagnie des Entrepreneurs  
Guyanue, Mumm, Pollet, Alsip.  
Poclain, Club Mediter, Matr-  
Fransinet and Maritimes de  
Chargeurs improved against the  
trend.

### Australia

The Sydney stock market was closed on Tuesday for the New South Wales bank holiday, but Melbourne was open with shares often gaining further ground.

Industrial leader BHP hardened 2 cents more to A\$7.94, while the 100-tonne tonnage of iron ore generated in Wodsworth, a \$1.8

Market lost ground in this decline. Many brokers have already left for their vacation, and more are expected to depart in the next few days. Market activity is expected to return to normal levels gradually after the four-day holiday in mid-August.

Pirelli fell 37 to L.625, Fiat to L.1790 and Italsider 9.75 to L.281.25.

## Switzerland

An easier tendency prevailed in quiet trading, affected by the dollar's continued weakening.

Firm exceptions were provided by Elekrowatt 15 up at Sfr.1880, Motor Columbus, 30 high at Sfr.35 and Sfr.35 1/2.

<b>MONTREAL</b>		Avg.	Avg.															
Industrial		128.85	128.15															
Composite		226.45	225.95															
<b>TORONTO</b>		Composite	1214.9															
<b>JOHANNESBURG</b>																		
Gold	(a)	251.2																
Industrial	(a)	226.0																
<table border="1"> <tr> <th></th> <th>Avg.</th> <th>Pre- vious</th> <th>High</th> <th>Low</th> </tr> <tr> <td>Australia (a)</td> <td>51.65</td> <td>51.75</td> <td>54.1</td> <td></td> </tr> <tr> <td>Belgium (a)</td> <td>66.33</td> <td>66.33</td> <td>101.6</td> <td></td> </tr> </table>					Avg.	Pre- vious	High	Low	Australia (a)	51.65	51.75	54.1		Belgium (a)	66.33	66.33	101.6	
	Avg.	Pre- vious	High	Low														
Australia (a)	51.65	51.75	54.1															
Belgium (a)	66.33	66.33	101.6															

		1978		1979	
		High	Low	High	Low
Aug. 3	Aug. 7				
126.95	124.55	128.45 (4/8)	123.95 (3/8)		
126.70	124.30	128.40 (4/8)	123.90 (3/8)		
126.5	124.1	128.3 (4/8)	123.8 (3/4)		
126.4	124.0				
125.7	123.2	127.4 (1/8)	123.0 (20/4)		
		126.9 (5/8)	124.3 (13/16)		
	Aug. 7	Prev. week	1978 High	1979 Low	
Spain	(a)	104.13	104.16	104.08	
Sweden	(a)	405.03	405.08	405.08	

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	Vol.	Th.	Vol.	Th.	Vol.	Th.	Vol.	Th.	Stock
AMN F360	1	7.50							F368.50
AMN F370	10	6.50							
AMZ F27.50	3	1.20	5	9					F31.10
AMZ F30	3	1.20	3	4	10	5			
AMZ F32.50	14	3.50							
AMZ F75	10	3.50							
ERH F30									
ERH F35									
ERH F40									
ERH F45									
ERH F50									
ERH F55									
ERH F60									
ERH F65									
ERH F70									
ERH F75									
ERH F80									
ERH F85									
ERH F90									
ERH F95									
ERH F100									
ERH F105									
ERH F110									
ERH F115									
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ERH F315									
ERH F320									
ERH F325									
ERH F330									
ERH F335									
ERH F340									
ERH F345									
ERH F350									
ERH F355									
ERH F360									
RA F50									
GR F60									
OVY F50									

BASE LENDING RATES

A.B.N. Bank	10 %	Hambros Bank	10 %
Allied Irish Banks Ltd.	10 %	Hill Samuel	10 %
American Express Co.	10 %	C. Hoare & Co.	10 %
Amro Bank Ltd.	10 %	Julian S. Hodge	11 %
A P Bank Ltd.	10 %	Hongkong & Shanghai	10 %
Henry Ansbacher	10 %	Industrial Bk. of Scot.	10 %
Banco de Bilbao	10 %	Keyser Ullmann	10 %
Bank of Credit & Comce.	10 %	Knawley & Co. Ltd.	10 %
Bank of Cyprus	10 %	Lloyds Bank	10 %
Bank of N.S.W.	10 %	London Mercantile	10 %
Banque Belge Ltd.	10 %	Edward Manson & Co.	11 %
Banque du Rhone	10 1/2 %	Midland Bank	10 %
Barclays Bank	10 %	Samuel Montagu	10 %
Barnett Christie Ltd.	11 %	Morgan Grenfell	10 %
Bentley Holdings Ltd.	10 %	National City	10 %
Brit. Bank of Mid. East	10 %	Norwich General Trust	10 %
Brown Shipley	10 %	P. S. Relfson & Co.	10 %
Crown Perm'l. Trust	10 %	Rossminster	10 %
Capitol C & C Fin. Ltd.	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10 1/2 %	E. S. Schwab	11 1/2 %
Charterhouse Japhet.	10 %	Security Trust Co. Ltd.	11 %
Choulatours	10 %	Shenley Trust	11 %
C. E. Coates	10 %	Standard Chartered	10 %
Consolidated Credits.	10 %	Trade Dev. Bank	10 %
Co-operative Bank	10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
The Cyprus Popular Bk	10 %	Wattias & Laidlaw	10 %
Duncan Lawrie	10 %	Williams & Glynn	10 %
Eagle Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corp'n.	13 %		
First Nat. Secs. Ltd.	12 %		
Antony Gibbs	10 %		
Guarantond Guaranty	10 %		
Griffiths Bank	10 %		

SWITZERLAND

Aug. 7	Price	+ or -	Div. Yld.
			%
Aluminium	1,905	-15	8.3
BBG A.C.	1,825	10	3.0
Ch. de Geigy Pk. 1900	980	-50	22.2
Ch. de Geigy Pk. 1900	980	-50	22.2
Ch. de Geigy Pk. 1900	980	-50	22.2
Ch. de Geigy Pk. 1900	980	-50	22.2
Ch. de Geigy Pk. 1900	980	-50	22.2
Ch. de Geigy Pk. 1900	980	-50	22.2
Ch. de Geigy Pk. 1900	980	-50	22.2
Ch. de Geigy Pk. 1900	980	-50	22.2
Ch. de Geigy Pk. 1900	980	-50	22.2

COPENHAGEN

Aug. 7	Price	+ or -	Div. Yld.
			%
Andelsbanken	139 1/4	11	7.9
Bank of Denmark	187	14	12.9
Bank of Denmark	187	14	12.9
Bank of Denmark	187	14	12.9
Bank of Denmark	187	14	12.9
Bank of Denmark	187	14	12.9
Bank of Denmark	187	14	12.9
Bank of Denmark	187	14	12.9
Bank of Denmark	187	14	12.9
Bank of Denmark	187	14	12.9

MILAN

Aug. 7	Price	+ or -	Div. Yld.
			%
ANIL	104.25		
Bank of Italy	489.50	-4 1/2	
Bank of Italy	489.50	-4 1/2	
Bank of Italy	489.50	-4 1/2	
Bank of Italy	489.50	-4 1/2	
Bank of Italy	489.50	-4 1/2	
Bank of Italy	489.50	-4 1/2	
Bank of Italy	489.50	-4 1/2	
Bank of Italy	489.50	-4 1/2	
Bank of Italy	489.50	-4 1/2	

VIENNA

Aug. 7	Price	+ or -	Div. Yld.
			%
Compt. Bank	54 1/2	10	2.9
Compt. Bank	54 1/2	10	2.9
Compt. Bank	54 1/2	10	2.9
Compt. Bank	54 1/2	10	2.9
Compt. Bank	54 1/2	10	2.9
Compt. Bank	54 1/2	10	2.9
Compt. Bank	54 1/2	10	2.9
Compt. Bank	54 1/2	10	2.9
Compt. Bank	54 1/2	10	2.9
Compt. Bank	54 1/2	10	2.9

STOCKHOLM

Aug. 7	Price	+ or -	Div. Yld.
			%
AGA Aktie	329	1	6.6
AGA Aktie	329	1	6.6
AGA Aktie	329	1	6.6
AGA Aktie	329	1	6.6
AGA Aktie	329	1	6.6
AGA Aktie	329	1	6.6
AGA Aktie	329	1	6.6
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STOCKHOLM

Aug. 7	Price	+ or -	Div. Yld.
			%
AGA Aktie	329	1	6.6
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STOCKHOLM

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AGA Aktie	329	1	6.6
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AGA Aktie	329	1	6.6
AGA Aktie	329	1	6.6
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STOCKHOLM

Aug. 7	Price	+ or -	Div. Yld.
			%
AGA Aktie	329	1	6.6
AGA Aktie	329	1	6.6
AGA Aktie	329	1	6.6
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AGA Aktie	329	1	6.6
AGA Aktie	329	1	6.6
AGA Aktie	329	1	6.6

SECURITIES RENT U.S.A. 7 1/2

Aug. 7	Price	+ or -	Div. Yld.
			%
AGA Aktie	329	1	6.6
AGA Aktie	329	1	6.6
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SECURITIES RENT U.S.A. 7 1/2

Aug. 7	Price	+ or -	Div. Yld.
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SECURITIES RENT U.S.A. 7 1/2

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SECURITIES RENT U.S.A. 7 1/2

Aug. 7	Price	+ or -	Div. Yld.
			%
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AGA Aktie	329	1	6.6
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AGA Aktie	329	1	6.6











# INSURANCE, PROPERTY BONDS

<b>Abbey Life Assurance Co. Ltd.</b> 10 St. Paul's Churchyard, E.C.4 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00	<b>General Portfolio Life Ins. Co. Ltd.</b> 10 St. Paul's Churchyard, E.C.4 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00	<b>NPI Pensions Management Ltd.</b> 10 St. Paul's Churchyard, E.C.4 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00
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# AUTHORISED UNIT TRUSTS

<b>Abbey Unit Tr. Mgrs. Ltd. (a)</b> 10 St. Paul's Churchyard, E.C.4 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00	<b>General Portfolio Life Ins. Co. Ltd.</b> 10 St. Paul's Churchyard, E.C.4 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00	<b>NPI Pensions Management Ltd.</b> 10 St. Paul's Churchyard, E.C.4 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00
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# OFFSHORE AND OVERSEAS FUNDS

<b>Alexander Fund</b> 10 St. Paul's Churchyard, E.C.4 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00	<b>General Portfolio Life Ins. Co. Ltd.</b> 10 St. Paul's Churchyard, E.C.4 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00	<b>NPI Pensions Management Ltd.</b> 10 St. Paul's Churchyard, E.C.4 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00 Property Fund: 100.00 Equity Fund: 100.00
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**PLANT AND MACHINERY**

We are interested in receiving Quotations—Technical and Commercial information for a **SECOND HAND MINI CRANE PLANT** with output of 150/200 MT Per day

Paper and Pulp Manufacturing Plant—20 MT per day in Good Condition and Working Order. Please reply Principals Only.

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**SMALL GALLERIES**, THE MAIL, 5 WILKINSON ROAD, LONDON, W1  
SCULPTURE BY J. H. M. AND  
SCULPTURE BY J. H. M. AND

**ONEILL GALLERIES**, 63 QUEEN'S ROAD, LONDON, W1  
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Property Fund: 100.00  
Equity Fund: 100.00  
Property Fund: 100.00  
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**PUBLIC NOTICES**

**NORTH BEDFORDSHIRE BOROUGH**  
£50,000 bill maturing on 20th September 1978, with interest at 10% per annum, is offered for sale by the Council at 10% discount. The bill is guaranteed by the Council and is a valid receipt for the sum of £50,000. The bill is offered for sale by the Council at 10% discount. The bill is guaranteed by the Council and is a valid receipt for the sum of £50,000. The bill is offered for sale by the Council at 10% discount. The bill is guaranteed by the Council and is a valid receipt for the sum of £50,000.

**CLIVE INVESTMENTS (LIMITED)**  
1 Royal Exchange Ave. London EC3V 3LU. Tel: 01-953 1101.  
Index Guide as at 18th July 1978 (Base 100 at 14.1.77)  
Clive Fixed Interest Capital 131.60  
Clive Fixed Interest Income 117.33

**INSURANCE BASE RATES**

† Property Growth 10.1%  
† Vanburgh Guaranteed 9.2%  
† Address shown under Insurance and Property Bond Table.







**FINANCE, LAND—Continued**[illegible]



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Director of Industrial Development  
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# FINANCIAL TIMES

Tuesday August 8 1978

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## PARTY WAITS FOR REPLY FROM FORMER LEADER

### Liberals urge Thorpe to quit

BY PHILIP RAWSTORNE

MR. JEREMY THORPE'S political future hung in the balance last night. Liberal MPs and senior officials waited all day for the former party leader's response to their virtually unanimous advice to him to abandon his decision to contest the North Devon seat at the general election.

One Liberal said: "We are waiting for an unequivocal declaration of his intentions." But a message from Mr. Thorpe's home at Cobham, North Devon, last night said that he had "nothing to say to anybody today."

Mr. Thorpe, remanded on bail with three others on a charge of

conspiracy to murder Mr. Norman Scott, the former male model, had been given more time by his party colleagues to reconsider his decision to contest the election.

Mr. David Penhaligon, Liberal MP for Truro, said yesterday that it was "amazing" that Mr. Thorpe should be able to stand as an independent Liberal.

"I would have thought his first priority would be to defend himself against the charge he faces," Mr. Penhaligon said. "I don't bear any malice. I say that out of goodwill."

It was, however, apparently proving difficult to persuade Mr. Thorpe to agree to even a temporary withdrawal from party politics by reversing his decision to accept his local party's nomination.

## Hoffmann considers Scottish site for plant

By Kevin Done and Ray Perman

A SITE in south-west Scotland is being considered by Hoffmann-La Roche, the Swiss pharmaceutical company, as the location for a major new plant costing well in excess of £50m.

The company has examined sites in several counties in Western Europe, including Switzerland, but the Scottish site at Dalry, Ayrshire, has emerged as one of the strongest contenders.

Hoffmann-La Roche, the maker of drugs such as Valium, Librium and Mogadon, already has a plant at Dalry manufacturing the vitamins B1 and B5, and the site has ample room for expansion.

The company is now proposing to build a Vitamin C bulk manufacturing plant and production aimed chiefly at export markets. About 90 per cent of sales from the existing Dalry unit goes overseas.

Hoffmann-La Roche said last night that a final decision is expected in the next few weeks. If the plant is built at Dalry, it will come as a major boost to an area where unemployment is well above the national average, following the decline of traditional heavy industries.

More jobs are likely to be lost in the Dalry area in the next few months with the running down of the Glenagair steel works. The Hoffmann-La Roche project, expected to create at least 300 new jobs.

If the plant goes ahead it will clearly receive major Government financial assistance, and the poor state of some local services could call for added State expenditure.

The local sewage system in the Garmock Valley would not be adequate to cope with effluent from a plant of the size proposed by Hoffmann-La Roche, and the improvement of these services is one of the issues now under discussion between the company, the Department of Health and local authorities.

Extra investment on ancillary services could push total capital expenditure associated with the project towards £100m.

Hoffmann-La Roche already has 600 employees at its existing Dalry site and a total UK workforce of some 1,700.

Its other manufacturing site is at Welwyn Garden City, where it has pharmaceutical manufacturing plant along with one of its largest research laboratories in the group world-wide.

The company's turnover in the UK last year was £58m out of total group sales of SwFr 5,400 (£1.6bn).

**Weather**

**UK TODAY**

SHOWERS, rather cool.

London, S.E. E. Cent. N. England, E. Anglia. E. and W. Midlands.

Rather cloudy. Showers. Max 17C-18C (63F-64F).

Channel Is. S.W. England, S. Wales.

Scattered showers. Max 18C (64F).

N. Wales, N.W. England, Lakes, Isle of Man, N.W. and S.W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Ireland.

Rather cloudy. Scattered showers. Max 15C-17C (59F-63F).

N.E. England, Borders, Edinburgh and Dundee, Aberdeen, Moray Firth area, N.E. Scotland, Orkney, Shetland.

Rather cloudy. Scattered showers. Max 15C-15C (55F-59F).

Outlook: Unsettled.

BUSINESS CENTRES			
	Y'day	Today	Y'day
	Monday	Monday	Monday
Amsterdam	17.65	17.65	17.65
Antwerp	17.65	17.65	17.65
Barcelona	17.65	17.65	17.65
Berlin	17.65	17.65	17.65
Bombay	17.65	17.65	17.65
Buenos Aires	17.65	17.65	17.65
Calcutta	17.65	17.65	17.65
Canton	17.65	17.65	17.65
Cebu	17.65	17.65	17.65
Colon	17.65	17.65	17.65
Hankow	17.65	17.65	17.65
Hong Kong	17.65	17.65	17.65
Kobe	17.65	17.65	17.65
London	17.65	17.65	17.65
Lyons	17.65	17.65	17.65
Manila	17.65	17.65	17.65
Medan	17.65	17.65	17.65
Osaka	17.65	17.65	17.65
Paris	17.65	17.65	17.65
Perth	17.65	17.65	17.65
Rangoon	17.65	17.65	17.65
San Francisco	17.65	17.65	17.65
Singapore	17.65	17.65	17.65
Sourabaya	17.65	17.65	17.65
Taipei	17.65	17.65	17.65
Tokyo	17.65	17.65	17.65
Yokohama	17.65	17.65	17.65

## U.S. oil curb 'will not hit Russia'

BY ANTHONY ROBINSON

MOSCOW, August 7.

THE U.S. decision to make oil equipment sales to the Soviet Union subject to special review and a specific export licence, in response to the falling of Soviet dissidents, will not affect Russian oil industry development, according to Mr. Zandar Takoyev, Deputy Minister of the Oil Industry.

In an interview with the Financial Times, Mr. Takoyev said that the kind of foreign equipment the Soviet Union needed to speed up development and increase the efficiency of its oil and gas industry was also available from other suppliers in Western Europe, Comecon and Japan.

**Rebound**

Any embargo would rebound on U.S. industry, he added.

The first major contract to be affected by President Carter's decision is the \$144m oil drill bit plant, supplied by Dresser Industries.

Mr. Takoyev also referred to Senator Henry Jackson's demand for a ban on the export of submersible pumps.

"Mr. Jackson should not try to bully us. We shall be producing 10,000 submersible pumps ourselves this year and a big new plant is due to come on stream in Tatar next year which will cover all our needs," he said.

**Discussion**

According to a recent CIA discussion paper presented to the American Commerce Department's east-west trade advisory committee, the Soviet Union purchased \$3bn worth of Western oil and gas equipment and know-how plus a further \$4bn worth of large diameter pipe in the 1972-76 period.

The U.S. share amounted to only \$350m but this includes over 1,000 submersible pumps with a lifting capacity of more than 5m barrels per day which have played a significant role in stabilising production of the ageing Ural-Volga oil fields.

The U.S. is also acknowledged to have considerable technical expertise in the production of high quality bits for deep drilling, which explains the plan to import such a bit plant from Dresser Industries.

Details, Page 2

## Links between Euro MPs and Westminster proposed

BY PHILIP RAWSTORNE

MOVES TO ensure close links between Westminster and the European Parliament after direct elections next year are proposed today by a House of Lords committee.

Among its recommendations is the establishment of a European Grand Committee at Westminster composed of members of the two Parliaments.

The Lords European Communities Committee warns in a report that the end of the dual mandate, under which MPs and peers sit in both parliaments, could lead to conflict.

There would be considerable danger of divisions of opinion between Westminster and European MPs, it says.

Westminster could lose its present "European dimension" and members of the European Parliament were likely to be less experienced in parliamentary politics.

European MPs may lack contact with parliamentary parties. "They could therefore find themselves pursuing policies in their European political groups different from those of their Westminster counterparts."

Overlapping constituencies could also lead to confusion about responsibilities, the report says.

Lord Greenwood, former Labour Cabinet Minister, and chairman of the all-party committee, said yesterday: "We EEC issues and hear evidence agreed with most of the witnesses from Ministers or EEC Committee who appeared before us that

everything possible should be done to prevent conflict developing. And the committee's report adds: "It is not apparent... that a wider exercise of influence by the European Parliament need of itself threaten or rival the different sphere of national control by national parliaments on national Ministers."

**Discussion**

It says: "The potential parliamentary pressure on the Commission or Council is not a fixed amount to be shared between the national and European Parliaments where an increase by one institution must necessarily lead to a loss by the other."

The committee puts forward a series of proposals—none of which would require legislation—for ensuring that the two institutions "do not get out of step."

A European Grand Committee should be set up to permit discussion between members of the two Parliaments on matters of mutual interest, it recommends.

It would comprise members of both the Commons and Lords Scrutiny Committees which vet EEC legislation and also British members of the European Parliament.

The committee would have no voting powers but would debate issues and hear evidence agreed with most of the witnesses from Ministers or EEC Committee who appeared before us that

The report suggests that European MPs should also be invited to take part in the activities of the Lords Scrutiny Committee though they would not be allowed to vote.

Members of the European Parliament's specialist committees could also be invited to give evidence.

In return, it proposes that representatives of the Lords Scrutiny Committee could attend European committee meetings on an informal or formal basis.

A secretariat should be established to co-ordinate liaison between the Commons and the Lords, the Scrutiny Committee and the Strasbourg Parliament.

Office facilities should be provided near Westminster by the European Parliament and the Lords should offer social and other facilities to European MPs, it says.

Parliamentary and civil servants should also be available to European MPs who should continue to receive Government briefing on EEC issues.

**Relations between the UK Parliament and the European Parliament**

The report adds: "The House of Lords Paper 256-1, HMSO 80p."

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Men and Matters, Page 12

## Reed International will raise £39m from sale of Nampak

BY RICHARD ROLFE AND ANDREW TAYLOR

REED INTERNATIONAL is to raise £39m from the sale of its South African packaging subsidiary Nampak to Barlow Rand.

Of this sum £24m is to be funded from loans raised outside South Africa and is to be used to pay off some of Reed's large world-wide debts.

This method of funding means that Reed, to a large extent, will escape the normally strict currency restrictions applying to overseas companies selling off their assets in South Africa.

A further indication that the South African authorities may be relaxing their stance on overseas investment also came yesterday with the news that Barrow Rand, the West Midlands engineering group, has sold its South African subsidiary to Metal Rolling and Tube for £24m cash.

Almost all of this sum is expected to come back to the UK without going through the securities rand market, which stands at a discount of nearly

40 per cent to the official Rand dollar parity.

The Nampak deal is the second major sale to be announced by Reed in the past few days. Last week Reed revealed that its 83 per cent owned Canadian Reed Paper offshoot is to sell its joint venture interests in British Columbia for £29m, to the privately owned Canadian Forest Products.

Reed's selling programme — last year it raised around £40m through sales of assets — has been prompted by its large debts which at the end of the last financial year stood at over £380m compared with shareholders' funds of £366m.

Reed last night said that it had not decided which debts it would be paying off from the £24m tranche which Barlow Rand — South Africa's largest industrial company — is to raise from overseas borrowings.

However, it seems likely that Reed will be looking particularly closely at its Deutschmark borrowings.

Under the terms of the deal Barlow will also be paying £15m in cash which at present will remain in South Africa. This may be used to support Reed's other South African operations.

The £15m is to be funded by a rights issue of Barlow Rand Preferred Ordinary shares—the same class of shares the group issued when it bought a 60 per cent stake in GEC South Africa earlier this year.

The buying price of £39m compares with £22m that Reed paid to acquire its 63 per cent in Nampak. In total Barlow is paying 430 cents a share—the holding which compares with Nampak's recent suspension price of 520 cents a share.

In a further stage to the Nampak deal Barlow will announce on Friday the sale of its wholly owned Barlow Packaging subsidiary to Nampak.

On the last account the combined packaging businesses have an annual turnover of £180m earning pre-tax profits of £27m.

At the same time the three multinationals with a base in the UK — Ford, General Motors and Chrysler — are continuing to import cars heavily from their Continental associates.

Ford was the largest importer overall last month bringing in 17,161 cars from the Continent, followed by Vauxhall, the GM subsidiary, imported 1,412 vehicles, and Chrysler 388. BL also joined the importers' lists when it sold 396 Minis made at its Senneffe plant in Belgium.

Japanese decline

Among the importers, sales of Japanese cars showed a significant decline suggesting that the tighter controls on shipments from Japan are beginning to take effect. The Japanese registrations dropped from 5,623 units in July last year to 4,947, and penetration went down from 9.4 per cent to 7.5 per cent. Sales

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Continued from Page 1

## Telephone engineers

were now very difficult, said the Post Office.

Foreign exchange and currency deposit to brokers have already warned that the City of London could lose millions of pounds worth of business if the dispute continues and that the effects could be disastrous within two months.

Under the McCarthy proposals the cost of shortening the 15,000 engineers' working week would be covered by greater work flexibility, including staggered starts.

There is also a drawback provision which would allow any costs resulting from the scheme, above the nil-cost target, to be offset against payments made to the engineers under existing productivity arrangements.

Mr. Stanley said the union saw the proposals as a basis for negotiation but part of the problem was that what some of the proposals would mean for the engineers was not clear.

By putting forward conditions which had to be met before it would negotiate on the report, the Post Office had placed unnecessary obstacles in the way of an agreement.

## THE LEX COLUMN

### U.S. prospects for Commercial Union

The FT 30-Share Index first sneaked above the 500 mark just a couple of weeks short of ten years ago, and since then it has made the same journey up (and down) roughly a score of times. The All-Share Index is the one to watch at the moment: it is now 1 per cent above its previous peak in 1972.

In the money markets, Treasury bill rates slipped below 9 per cent and all eyes will be on today's banking figures. If eligible liabilities are down and there are signs of a slackening in the growth of bank lending, the authorities may be tempted to cut MLR later this week. Under the old formula a half point cut would now be in order.

#### Commercial Union

The insurance underwriting cycle in the U.S. is at, or close to, its peak. That is one of the conclusions to be drawn from a strong set of second quarter figures from Commercial Union, taking profits for the half year, up from £38.2m to £64.2m pre-tax. Another is that the UK is not the only place to be suffering from miserable weather: there have also been heavy weather losses in the U.S. and Australia, although the impact on CU is smoothed out by its extreme weather provisions.

Bad weather has certainly left a mark on the U.S. results, and largely explains why the statutory operating ratio deteriorated from 99 per cent in the first quarter to 100.3 per cent in the second. That is still a big improvement on last year, of course, and underwriting losses in the U.S. for the half year are down from £7.8m to just £300,000. However, CU has seen a modest deterioration in its motor business over the past few months, and says that rate increases in this class of business are now very hard to come by. Sometime over the next 12 months or so, U.S. profitability is likely to